

**MONTANA
CONSOLIDATED PLAN
ANNUAL ACTION PLAN**

**PLAN YEAR
April 1, 2003 -- March 31, 2004**



RED LODGE



MISSOULA



BROWNING



MONTANA CONSOLIDATED PLAN ANNUAL ACTION PLAN

PLAN YEAR

April 1, 2003 -- March 31, 2004



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EXECUTIVE SUMMARY

Each year Montana submits an Action Plan illustrating how community planning and development resources will be utilized to improve communities throughout the State. The State's goals include:

- increasing the supply of decent, safe, affordable housing, especially for low- and very low-income families and individuals;
- providing housing for special needs populations such as the elderly, disabled and homeless; and
- expanding economic opportunities in order to improve the living conditions for low- and moderate-income groups.

The Action Plan is for the 12-month period beginning April 1, 2003. The Plan, developed with the input of citizens and community groups, serves four major functions:

- It is the State's application for funds available through the three Department of Housing and Urban Development (HUD) formula grant programs that are administered by the State of Montana: the Community Development Block Grant (CDBG), the HOME Investment Partnerships (HOME), and the Emergency Shelter Grant (ESG) programs;
- It is the annual planning document, built through public input and participation, for CDBG, HOME, ESG, and other related programs;
- It lays out the funding resources expected, the method of fund distribution and the actions the State will follow in administering HUD programs; and
- It provides accountability to citizens for the use of the funds and allows HUD to measure program performance.

The Montana Department of Commerce (MDOC) administers the Community Development Block Grant Program, the HOME Investment Partnerships Program, and the Consolidated Plan. The Department of Health and Human Services administers the Emergency Shelter Grant Program.

The State supports the Annual Action Plan with additional documents, including the *Economic and Demographic Analysis of Montana*, the *Economic and Demographic Data Book*, and the *Economic Benefits of Montana Department of Housing Programs*, updated in Fall 2002. These documents and other studies, evaluations, and previous Consolidated Plan reports, help individuals, communities, and organizations meet the three basic goals of the CDBG, HOME, and ESG programs, and provide useful information for the public and legislature.

The Annual Action Plan provides details to citizens, public agencies, and other interested parties on the amount of assistance Montana expects to receive, the range of

activities that may be undertaken, and the general program activities that may be planned in addressing the priority needs.

CONSOLIDATED PLAN DEVELOPMENT PROCESS

Updating the Consolidated Plan for housing and community development is an on-going process. Throughout this process, the State strives to improve the delivery of assistance to the people of Montana. The State supports policies and programs that support decent, safe, affordable housing, services for the homeless and other non-housing community development activities, such as infrastructure enhancement and economic development. The update process consists of several distinct steps, including:

- Advisory and policy formation functions;
- Interagency cooperation and coordination;
- Consultation and outreach with concerned citizens and organizations;
- Public awareness of the citizen involvement process; and
- Delivery of program services.

Advisory and Policy Formation Functions

Throughout the year, the MDOC has interacted with other agencies and organizations with a commitment to better develop housing strategies. The MDOC has maintained its commitment to inform others of their responsibility to participate in the Consolidated Plan process and to promote affordable housing in local communities. The MDOC supports a broad-based “team” approach to address affordable housing issues through the formation of the Consolidated Plan Steering Committee, Housing Coordinating Team, and Housing Working Group. The MDOC has been a long-standing member of the Water, Wastewater and Solid Waste Action Coordinating Team (W₂ASACT), which was formed in 1982 to address infrastructure issues. These committees and groups continue to provide direction and input to the Consolidated Plan.

Interagency Cooperation and Coordination

Members of the Consolidated Plan Steering Committee, with representatives from the HOME, CDBG, ESG and MBOH programs, A.W.A.R.E., Inc., and Fannie Mae’s Montana Partnership Office met repeatedly throughout the plan development process to review the status of the Action Plan development. In addition, other agencies, such as the Montana Department of Environmental Quality (DEQ), the Montana Department of Natural Resources and Conservation (DNRC), the Montana Department of Public Health and Human Services (DPHHS)–Intergovernmental Human Services Bureau, the Montana Department of Labor and Industry (DOLI)–Human Rights Bureau, were solicited for input on specific topics contained in the Action Plan and supporting studies.

Consultation and Outreach with Citizens and Organizations

As part of the plan update, numerous outside agencies and individuals were contacted. Organizations and individuals are encouraged to provide statistics, data, and other information to aid in preparing the Action Plan and related studies.

QUANTITATIVE ANALYSIS IN SUPPORT OF THE PLAN

Development of the Action Plan for Plan Year beginning April 1, 2003 is based in part, on current and past research studies and analysis of housing, infrastructure and economic development needs. An analysis conducted during the current planning cycle is the *Economic and Demographic Analysis of Montana* and the *Economic Benefits of MDOC Housing Programs*. Contact the Montana Department of Commerce, Housing Division, 301 South Park Avenue, Helena, MT 59601 for information on this and other publications, or visit the Housing Division website at:

http://commerce.state.mt.us/Housing/Hous_Home.html

or the Consolidated Plan website at:

http://commerce.state.mt.us/Housing/Hous_ConsPlan.html

FEDERAL RESOURCES EXPECTED

Community Development Block Grant (CDBG) Program

The Community Development Division and the Business Resources Division of the Montana Department of Commerce administer the CDBG program. For Plan Year beginning April 1, 2003, the State will receive an estimated **\$7,846,000** in federal CDBG funds for award to local governments. Of these dollars, approximately **\$2,500,000** will be allocated for economic development projects administered by the Business Resources Division. Another portion will be allocated for public facility projects and housing projects administered by the Community Development Division.

The CDBG program also anticipates that an undeterminable amount of program income will be generated. Grantee communities that have an approved CDBG program income plan are allowed to retain the funds for further CDBG-eligible activities. Each year, local governments receiving CDBG program income are requested to file a report showing the status of program revenues and expenditures.

HOME Investment Partnerships (HOME) Program

The HOME Program, administered by the Housing Division, expects estimated funds of \$4,738,000 for Plan Year beginning April 1, 2003. Funds will be used for developing affordable housing for persons of low- and very low-income.

In addition, the HOME Program anticipates that an undeterminable amount of program income and CHDO proceeds will be generated. Grantees that have a Program Income Plan or CHDO Proceeds Plan approved by the HOME Program are allowed to retain the funds for further HOME eligible activities. Program income and CHDO proceeds are reported to the HOME Program quarterly.

Emergency Shelter Grant (ESG) Program

The Intergovernmental Human Services Bureau of the Montana Department of Public Health and Human Services (DPHHS) anticipates that \$369,000 will be made available for the ESG program.

Housing Opportunities for Persons With AIDS (HOPWA)

The Intergovernmental Human Services Bureau of the DPHHS anticipates that approximately \$622,000 over the three-year period beginning March 2002 will be available in Montana for HOPWA services. The funding is Montana's share of a \$1.3 million, three-state (Montana, North Dakota, and South Dakota) grant award announced in December 2001 by HUD. The funds are part of \$6 million in competitively awarded grants for housing, services and technical assistance, primarily for new programs in rural areas that did not qualify for federal block grant funding.

Low Income Housing Tax Credit (LIHTC) Program

The Montana Board of Housing administers the Low Income Housing Tax Credit Program. The Board receives authority to allocate the tax credit through the Internal Revenue Code. Annual estimated authority is \$2 million.

INTRODUCTION

Each year, Montana submits an Action Plan illustrating how community planning and development resources will be utilized to improve communities throughout the State. The State's goals include:

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- Interagency cooperation and coordination;
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ADVISORY AND POLICY FORMATION FUNCTIONS

Throughout the year, the MDOC has interacted with other agencies and organizations with a commitment to better develop housing strategies. The MDOC has maintained its commitment to inform others of their responsibility to participate in the Consolidated Plan process and to promote affordable housing in local communities. The MDOC supports a broad-based “team” approach to address affordable housing issues through the formation of the Consolidated Plan Steering Committee, Housing Coordinating Team, and Housing Working Group. The MDOC has been a long-standing member of the Water, Wastewater and Solid Waste Action Coordinating Team (W₂ASACT), which was formed in 1982 to address infrastructure issues. These committees and groups continue to provide direction and input to the Consolidated Plan.

The Housing and Community Development Divisions of the MDOC continue improving coordination in the area of joint applications, workshops, and reporting forms.

The CDBG ED Program works in tandem with the other business financing and technical assistance programs in the Business Resources Division to meet the objectives of the Montana Department of Commerce regarding statewide economic development. In addition to providing loans to for-profit businesses, CDBG provides leverage of dollars and technical assistance to the business community throughout the State.

The MDOC HOME Program continues to advise nonprofit groups regarding forming certified Community Housing Development Organizations (CHDOs). An MDOC-certified CHDO can apply for set-aside funds under the HOME Program. Local units of

government (cities, towns, and counties), Public Housing Authorities (PHAs), and CHDOs are eligible to apply for HOME grant funds under the HUD-approved program description.

INTERAGENCY COOPERATION AND COORDINATION

Members of the **Consolidated Plan Steering Committee**, with representatives from the HOME, CDBG, ESG and MBOH programs, A.W.A.R.E., Inc., and Fannie Mae's Montana Partnership Office met repeatedly during the Plan development process to review the status of the Action Plan. In addition, other agencies, such as the Montana Department of Environmental Quality (DEQ), the Montana Department of Natural Resources and Conservation (DNRC), the Montana Department of Public Health and Human Services (DPHHS)—Intergovernmental Human Services Bureau, the Montana Department of Labor and Industry (DOLI)—Human Rights Bureau, were solicited for input in specific topics contained on the Action Plan and supporting studies.

The **Housing Working Group**, formed by the Department of Commerce several years ago, continues to review areas where regulations are adding to the cost of housing. Other areas to address include the legislative process, comprehensive planning and zoning, subdivision standards, disincentives to building within city limits, and financing for infrastructure costs. In addition, the Group, in conjunction with the Department of Environmental Quality, is developing an Affordable/Energy Efficient House Plan book, with entries submitted by Montana architects.

The **Housing Coordinating Team**, also chartered by the Department of Commerce, continues to facilitate statewide coordination in the delivery of housing services to individual housing providers and local organizations. Areas of cooperation include evaluating the effects of impact fees on affordable housing; coordinating monitoring requirements within the DOC programs; and making minor adjustments to the common application for housing projects.

The **Water, Wastewater and Solid Waste Action Coordinating Team** (W₂ASACT) is a group of professionals from state and federal governments, nonprofit organizations that finance, regulate, or provide technical assistance for infrastructure. W₂ASACT currently meets bimonthly to explore and coordinate a wide range of activities linked to improving the environmental infrastructure of local governments and unincorporated communities across Montana. W₂ASACT regularly sponsors and coordinates annual seminars statewide to explain the various financial programs and resources available to assist local governments in funding their infrastructure needs. Civil engineers, local government representatives, and technical assistance providers are invited to present comprehensive information regarding environmental infrastructure projects.

W₂ASACT subcommittees continue addressing issues of community planning and environment regulation in order to assist small rural communities streamline the application and project implementation process. One current goal is to consolidate multiple, separate environmental mandates into one, coordinated capital facilities

planning process, including the development of a common environmental assessment process that would be accepted by all funding agencies.

In addition, staff members from the Housing Division regularly attend meetings held by the **Montana Continuum of Care**, the **Home Choice Coalition**, and **Tri-State HELP** (Housing Environments for Living Positively) HOPWA (Housing Opportunities for Persons With AIDS) program. The Montana Continuum of Care (CoC) for the Homeless Coalition is a statewide collaboration of diverse homeless service providers, nonprofit organizations, and local and state governments. The coalition was formed to address homelessness with very few resources to cover a vast geographical area. Sponsored by the Montana Partnership Office of Fannie Mae, the purpose of the Home Choice Coalition is to form partnerships with agencies and financial institutions to provide homeownership and other housing opportunities to people with disabilities or families that have members with disabilities living with them. The Tri-State HELP program is a housing assistance program for people living with HIV/AIDS in the states of Montana, North Dakota, and South Dakota.

CONSULTATION AND OUTREACH WITH CITIZENS AND ORGANIZATIONS

As part of the Plan update, numerous outside agencies and individuals were contacted. Organizations and individuals are encouraged to provide statistics, data, and other information to aid in preparing the Action Plan and related studies.

PUBLIC AWARENESS OF THE CITIZEN INVOLVEMENT PROCESS

To gather additional public comment for the planning and review process, three public input meetings were held in April and May 2002. The meetings were held in conjunction with Montana Housing Programs Application Workshops. A free lunch was provided at each meeting. Two public review meetings were held in October 2002. The Billings public review meeting was held in conjunction with the *MT Housing Partnership Conference 2002*, and also included hearings for the Statewide PHA Plan Update, the HOME Investment Partnerships Program, and the Low Income Housing Tax Credit Program's draft annual Qualified Allocation Plan for 2003.

On-Site Public Input Meetings

Hamilton	April 16, 2002	11:45am-1:00pm	Holiday Inn Express, 139 Bitterroot Plaza Dr.
Havre	April 24, 2002	11:45am-1:00pm	Duck Inn, 1300 1 st St.
Miles City	May 7, 2002	11:45am-1:00pm	Holiday Inn Express, 1720 Haynes

On-Site Public Review Meetings

Billings	October 11, 2002	7:15-8:45am	Sheraton Billings Hotel, 27 N. 27 th St
Boulder	October 22, 2002	7:00-8:30pm	Jefferson High School, 312 S. Main

DELIVERY OF PROGRAM SERVICES

The **CDBG program**, through a process of application and evaluation of proposals, will commit funds to housing, public facilities, planning grants, and economic development projects. In response to pressure from Congress and HUD to expedite the expenditure of CDBG funds, the Montana CDBG Program accepted applications for both Federal Fiscal Year (FFY) 2002 and FFY 2003 Housing projects during the fall of 2002 and moved up the normal deadline for FFY 2003 Public Facilities applications from the spring to January 2003.

A public hearing on the 2003/2004 CDBG Application Guidelines was held Wednesday, January 15, 2003 at 1:30 p.m. in the conference room of the Montana Department of Commerce, 301 South Park Avenue, Helena, Montana. No opposition was voiced in regards to the proposed schedule.

In essence, the Department conducted grant competitions for both FFY 2002 and 2003 funding allocations over a 12-month period. This doubling of the grant competitions was a one-time only event.

The objective of this proposal was to establish a long-term annual grant application cycle for future years that would provide for the ranking of both housing and public facility applications in the calendar year before the actual receipt of the FFY CDBG allocation that would fund those projects. This will allow the MDOC to award grants to communities immediately upon notification of that year's CDBG allocation.

The combined Housing competition for 2002 and 2003 applications were due in October 2002. The 2003 Public Facilities applications for FFY 2003 CDBG funds were due in January 2003. (See Table 1.)

Table 1 – CDBG APPLICATION DUE DATES		
	FFY 2003	FFY 2004
Planning Grants	April 25, 2003	April 2004
Public Facilities Grants	January 10, 2003	May 23, 2003
	FFY 2002 & 2003	FFY 2004
Housing Grants	October 15, 2002	October 17, 2003

Economic Development applications are received and awarded on an open cycle until all funds are spent. Once all funding is obligated, project development and funding awards may occur in anticipation of the next year's funding allocation. Project development and revolving loan fund technical assistance are provided by the CDBG Staff and MDOC Regional Development Officers.

The **HOME Program**, through a process of application and competitive ranking, will commit project funds early in the second quarter of 2003 to provide better alignment

with the construction season and to better coordinate with projects involving Low Income Housing Tax Credits. A HOME application workshop for the program year beginning 2003 was held in Great Falls, Montana on January 7 and 8, 2003. Advance public notification of dates and locations took place before the application workshop. The HOME application deadline is March 31, 2003. The grant administration workshop for FFY 2002 funds took place January 29 and 30, 2003 in Butte, Montana. The Grant Administration Workshop for the FFY 2003 funds is tentatively schedule for June 10-11, 2003.

The **Emergency Shelter Grant** program will continue to use HUD funds to improve the quality of existing emergency shelters for the homeless, meet the costs of operating shelters and provide essential social services to help prevent homelessness. Ninety-five percent of the funds received will be allocated to the 10 regional Human Resource Development Councils (HRDCs) in Montana. While the funds available to the ESG program are less than those allocated to Montana's HOME and CDBG programs, the regional organizations are extremely dependent on the assistance received from the yearly allocation.

Specific guidelines that relate to the individual programs for CDBG and HOME may be obtained by contacting the Montana Department of Commerce. Contact the Department of Public Health and Human Services to obtain guidelines for the ESG program.

QUANTITATIVE ANALYSIS IN SUPPORT OF THE PLAN

Development of the Action Plan for Plan Year beginning April 1, 2003 is based, in part, on current and past research studies and analysis of housing, infrastructure, and economic development needs. An analysis conducted during the current planning cycle included the *Economic and Demographic Analysis of Montana* and the *Economic and Demographic Data Book*, using information obtained from the 2000 Census, and *Economic Benefits of MDOC Housing Programs*.

The *Economic and Demographic Analysis of Montana, Volumes I, II, and III*, analyze the economy and evaluates demographic data. Statewide, Montana's economy has shown remarkable improvement since 1990. By 2001, the unemployment rate fell to 4.6 percent and overall economic activity increased. Though both the labor force and the number of persons employed decreased, the structure of the State's economy grew stronger and more resilient each year, and the economy diversified beyond its traditional resource-based industries.

Unfortunately, that did not translate into substantive increases in real earnings per job. Montana's average real wage rates remained low, with the gap in average earnings between Montana and the U.S. continuing to widen. Even though the poverty rate did drop to 14.60 percent in 1999, more people are actually in poverty.

Montana's population has continued to grow and reached 902,195 in 2000, according to 2000 Census figures. This last decade saw the largest population increase in approximately 80 years, over 103,000. Montana persons aged 20 or less rose 5.36

percent over the last decade, significantly less than the national average of 12.83 percent. However, Montana saw a very large percentage increase in its population aged 20 to 24, 22.21 percent, while the nation's rate fell .30 percent. Those persons aged 55 to 64 rose nearly 25 percent, while the national rate rose only 14.79 percent. The total number of households formed in Montana over the decade rose more quickly than the national average, 17.15 percent versus the national average of 14.72 percent, rising to 358,667 households in the State.

Overall, the population moved west, causing declining housing demand in the east and increasing demand in the west. The overall shift in population growth patterns resulted in a decline in population for 22 counties of the State. However, seven counties witnessed growth rates that exceeded 25 percent. One county saw no measurable population change and the remaining experienced moderate rates of growth.

The rural nature of Montana, the nation's fourth largest state in total land area with an average population density of 6.2 persons per square mile, ranging from 48.18 persons per square mile in Silver Bow County to 0.27 per square mile in Garfield County, accounts for the vast difference in housing needs across the State. (See "Population Density 2000" map.)

The rate of change in the population residing in non-institutionalized group quarters was noteworthy. The category is defined to include group homes, emergency and transitional shelters, shelters for abused women, shelters for children, and "other" group quarters situations. It also includes off-campus college housing, college dormitories, military, and religious quarters. Excluding the college and military quarters residents from the total, the non-institutionalized group quarters population fell from 5,427 in 1990 to 5,255 in 2000. However, the data indicate a slight increase in the sheltered homeless population over the same period.

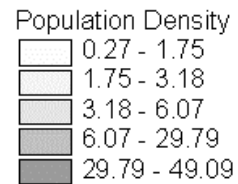
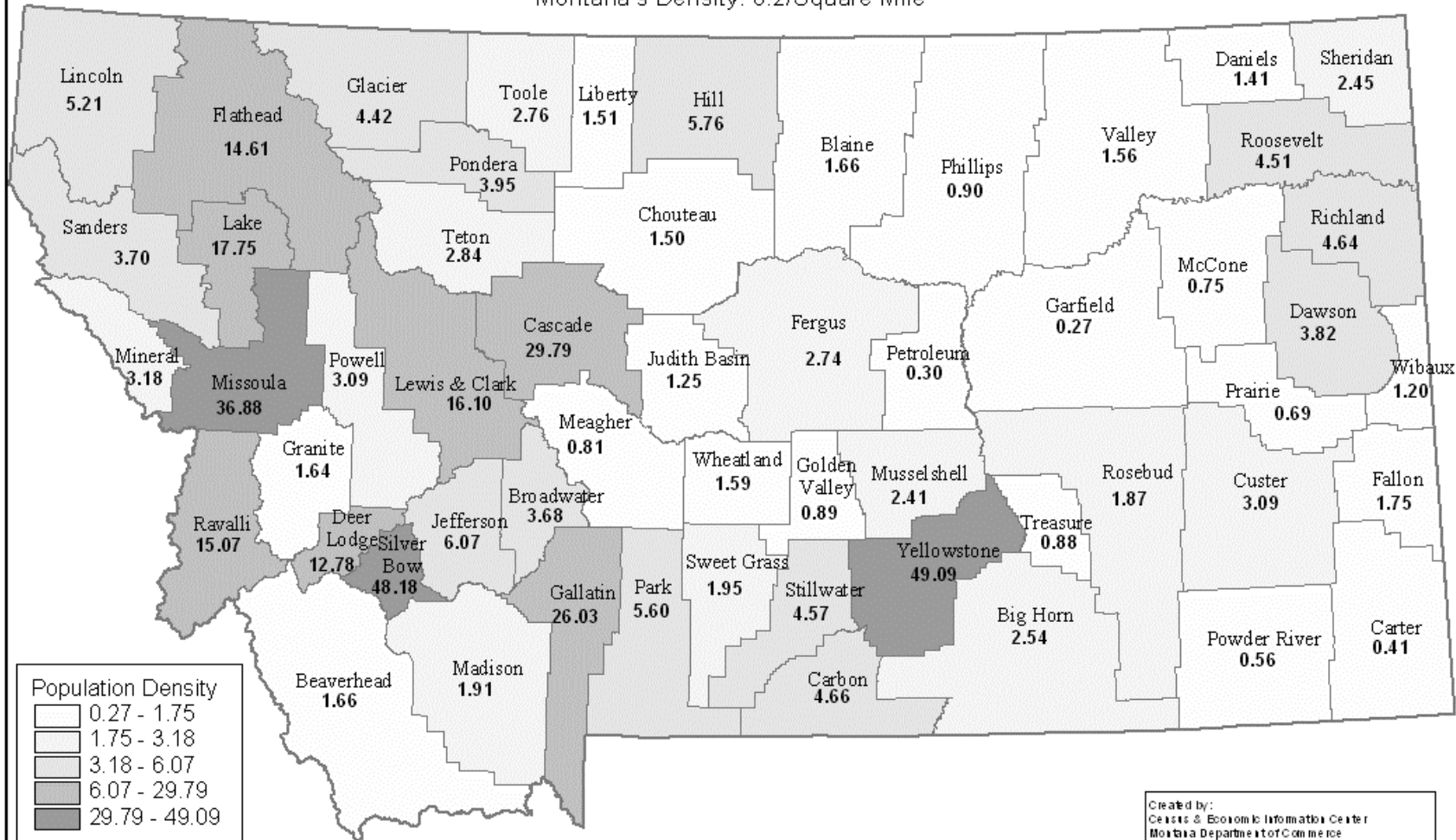
There were 145,732 disabled Montana residents aged five and over counted in the 2000 Census. These accounted for 258,723 total disabilities, reflecting that many disabled persons had more than one disability. Males led each age range, with the exception of the group aged 75 years and over. Nearly 55 percent of the disabled of working age were employed. Of those 18 to 34 years, approximately 22 percent were enrolled in school. A greater percentage of females were both enrolled in school and attained a higher level of education, but males led both categories in terms of total numbers. Disabled population statistics for those whom poverty status was determined reveals that nearly 20 percent of the total disabled population lived below poverty level in 2000.

The *Economic and Demographic Data Book* looks at six areas of interest for each geographic area in Montana, including: historic and forecast population; historic and forecast earned and unearned income; historic and forecast earnings by industry; total population by age cohorts, male population by age cohorts; and female population by age cohorts.

Montana County Population

Population Density 2000

Montana's Density: 6.2/Square Mile



Source: U.S. Bureau of the Census,
Public Law 94-171 data, March 2001.

March 21, 2001

25 0 25 50 Miles

Created by:
Census & Economic Information Center
Montana Department of Commerce
1424 Ninth Ave., Helena, MT 59620-0505

406 444-2896 cec@state.mt.us
<http://ceic.commerce.state.mt.us>

census_2000.apr

The *Economic Benefits of MDOC Housing and Infrastructure Programs* was first prepared in 1997 and has been updated periodically. The document was last updated in Fall 2002; however, infrastructure and economic development programs were excluded from the analysis due, in part, to budget constraints in those programs. The *Economic Benefits of MDOC Housing Programs* prepared in 2002 studies the Montana Board of Housing, the Community Development Block Grant (CDBG) and HOME Programs, and Section 8 Rental Assistance housing expenditures.

Program expenditures for housing have a positive effect on the economy in Montana through the increase in the number of jobs, income, income taxes, and property taxes paid to state and local governments the past years. The housing programs continue to show a substantial benefit for the State. While the MDOC's infrastructure and economic development programs also contribute to the State's economy in meaningful ways, the estimated effect is difficult to determine without the analysis performed in previous years.

In addition to the *Economic and Demographic Analysis of Montana*, the *Economic and Demographic Data Book*, and the *Economic Benefits of MDOC Housing Programs*, the following documents and studies have been prepared or updated in recent years in support of the Montana Consolidated Plan and are used in the planning process.

1. *Location of Growth in Montana* (2002)
2. *Housing Resource Directory* (2002)
3. *Summary of the 2002 Montana Homeless Survey*
4. *The Analysis of Impediments to Fair Housing Choice* (2000)
5. *Home Mortgage Disclosure Act Analysis (HMDA)* (2000)
6. *Additional HMDA Analysis of Montana Denial Rates: 1993 – 1998* (2000)
7. *Price of Housing Study in Montana* (2001)
8. *Housing Condition Study* (1999)
9. *Directory of Homeless Assistance Providers for Montana* (1999)
10. *Montana Lead Education Assessment Detection* (1999)
11. *Planning & Financing Community Water & Sewer Systems in Montana* (1997)
12. *The Montana Assisted Living Study, Demand for Assisted Living* (1996)
13. *Inventory of Water and Wastewater Needs for Unincorporated and Non-District Areas in the State of Montana* (1996)
14. *Inventory of Infrastructure Needs* (1995)
15. *A Handbook: Capital Facilities Scheduling & Financing* (1995)

Contact the Montana Department of Commerce, Housing Division, for information on these and other publications, or visit the Housing Division website at:

http://commerce.state.mt.us/Housing/Hous_Home.html

RESOURCES

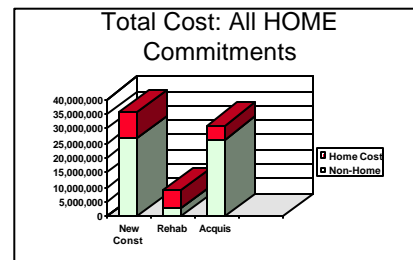
FEDERAL RESOURCES EXPECTED

Community Development Block Grant (CDBG) Program

The Community Development Division and the Business Resources Division of the Montana Department of Commerce administer the CDBG program. For Plan Year beginning April 1, 2003, the State estimates receiving **\$7,846,000** in federal CDBG funds for award to local governments. Of these dollars, an estimated **\$2,503,540** will be allocated for economic development projects, administered by the Business Resources Division. The remaining funds will be allocated for planning grants and public facility and housing projects public facility and housing projects.

HOME Investment Partnerships (HOME) Program

The HOME Program, administered by the Housing Division, expects funds of \$4,738,000 for Plan Year beginning April 1, 2003. Funds will be used for developing affordable housing for persons of low- and very low-income.



Emergency Shelter Grant (ESG) Program

The Intergovernmental Human Services Bureau of the Montana Department of Public Health and Human Services (DPHHS) anticipates that \$369,000 will be made available for the ESG program.

Housing Opportunities for Persons With AIDS (HOPWA)

The Intergovernmental Human Services Bureau of the DPHHS anticipates that approximately \$622,000 over the three-year period beginning March 2002 will be available in Montana for HOPWA services. The funding is Montana's share of a \$1.3 million, three-state (Montana, North Dakota, and South Dakota) grant award announced in December 2001 by HUD. The funds are part of \$6 million in competitively awarded grants for housing, services and technical assistance, primarily for new programs in rural areas that did not qualify for federal block grant funding.

Low Income Housing Tax Credit (LIHTC) Program

The Montana Board of Housing administers the Low Income Housing Tax Credit Program¹. The Board receives authority to allocate the tax credit through the Internal Revenue Code. Annual authority is estimated at \$2 million.

¹ The Consolidated Plan does not cover Montana Board of Housing programs; these programs are included for informational purposes.

METHOD OF DISTRIBUTION

CDBG

Estimates for FFY 2003		
	Minimum Amount	Maximum Amount
Competitive		\$ 7,510,620
Formula		
Retained for State Project		
Non-Competitive		
State Admin of Program		\$ 335,380

HOME

Estimates for FFY 2003		
	Minimum Amount	Maximum Amount
Competitive		\$ 4,264,200
Formula		
Retained for State Project		
Non-Competitive		
State Admin of Program		\$ 473,800

ESG

Estimates for FFY 2003		
	Minimum Amount	Maximum Amount
Competitive		
Formula		\$ 350,550
Retained for State Project		
Non-Competitive		
State Admin of Program		\$ 18,450

OTHER RESOURCES AND PLANS

Numerous state and federal programs support the implementation of the State's Consolidated Plan. Interagency cooperation and coordination of state, federal, and local agencies and organizations are the reason many of the projects are successful.

The 1999 Legislature enacted a bill exempting low-income rental housing property from taxation if low-income tax credits were allocated to the owner under federal law. Only the portion of the residential property dedicated to providing affordable housing for lower-income persons would be exempt. The property must meet additional restrictions by providing housing to an underserved population and providing a minimum of 50 percent of units to tenants at 50 percent of the median family income for the area.

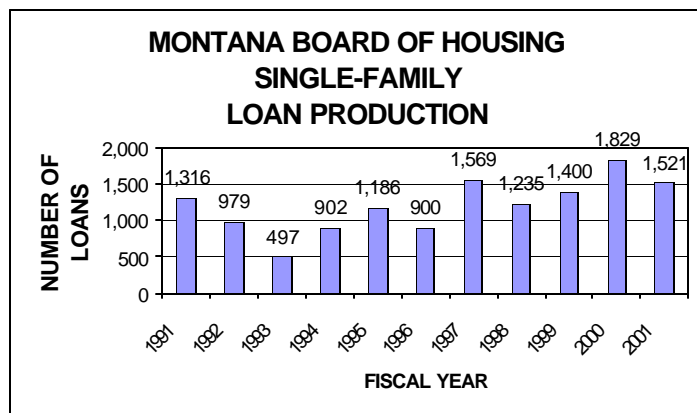
The following summaries demonstrate plans that either are in place or will be implemented in the near future. These plans support the overall implementation of Montana's Consolidated Plan with respect to affordable housing, public facilities, economic development, and homelessness.

Montana Board of Housing Programs

The Montana Board of Housing (MBOH)² was created by the Housing Act of 1975 in order to alleviate the high cost of housing for low-income persons and families. Funds are generated through either the sale of tax-exempt bonds or administrative fees. MBOH programs fall into three categories: home ownership, multi-family projects, and a program to assist the elderly population. MBOH programs are often used in combination with HOME and CDBG funds, where MBOH provides the permanent financing or equity financing.

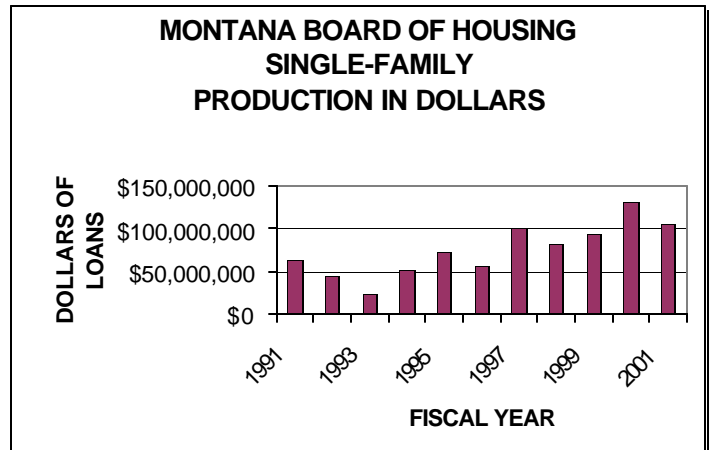
Single-Family Program

MBOH works with about 250 lenders statewide to provide mortgages below conventional rates to assist primarily first-time homebuyers. MBOH anticipates assisting approximately 1,800 low-to moderate-income homebuyers with \$104 to \$130 million in low interest rate loans each year.



² The Consolidated Plan does not cover Montana Board of Housing programs; these programs are included for informational purposes.

Through the use of recycled funds, MBOH is able to assist much lower income persons and families who do not have the financial capabilities to purchase safe and sanitary housing through other Single Family Programs. The Board anticipates making \$20 million available for financing very low-income families per year.



Multi-Family Programs

MBOH issues tax exempt bonds to finance the construction of new and rehabilitation of existing low-income, multi-family housing. MBOH anticipates issuing bonds to finance projects, which meet its requirements through the Multi-Family Risk Sharing Program and its General Obligation Bond Program.

The Risk Sharing Program provides FHA mortgage insurance for the permanent financing of multi-family rental property through a partnership between MBOH and HUD. Through this program, MBOH provides mortgage underwriting, loan management, and financing, and the two entities share the risk of loss from default.

The General Obligation (GO) Bond Program provides permanent mortgage financing for multi-family rental property. The program requires that the rental property owner agree to restrict the rents to a specific amount and to rent only to tenants below a maximum income level (generally 60% of median income). Currently this program is financing the permanent loans for projects receiving multiple sources of funding from other programs where rents on the projects are affordable to very low-income state residents.

Beginning in 1999, the Board issued Multi-Family Mortgage Bonds to preserve eight projects consisting of 434 units that were in jeopardy of being lost as affordable housing due to expiring HUD Preservation Program contracts. In conjunction with other housing programs, the Board will continue to provide assistance to preserve affordable housing with expiring HUD contracts.

Reverse Annuity Mortgage (RAM) Loan Program

The RAM program enables elderly Montanans to benefit from an additional monthly income source from the use of equity in their home. Eligibility is subject to certain age and income requirements. Currently a participant must be 68 years or age or older (some exceptions may apply). Loans with a 5 percent interest rate are available from \$15,000 to a maximum of \$70,000, and the loans are based on 80% of the FHA determined property value.

Low Income Housing Tax Credit (LIHTC) Program

The Low Income Housing Tax Credit program, established by Congress in the Tax Reform Act of 1986, is intended to provide for the retention, rehabilitation, and construction of low-income rental housing. The LIHTC program is administered by MBOH, which receives authority to allocate the tax credit through the Internal Revenue Code. Annual authority is estimated at \$2 million. Through the tax credit benefit, developers and owners of qualified housing receive an annual federal tax credit for 10 years, based on the number of rental units provided to low-income individuals and families.

Housing Revolving Loan Fund

The Montana Legislature passed the Housing Revolving Loan fund into law during the 1999 legislative session. Funding for the loan fund was not provided. However, the 2001 Montana Legislature appropriated \$500,000 in Section 8 reserves and \$700,000 of Temporary Assistance to Needy Families (TANF) funds for the loan fund. The MBOH administers the fund. The revolving loan fund will be used to provide financial assistance in the form of direct loans for the following purposes:

- matching funds for public or private money available from other resources for the development of low-income and moderate-income housing;
- bridge financing necessary to make a low-income or a moderate-income housing development feasible;
- acquisition of existing housing for the purpose of preservation of or conversion to low-income or moderate-income housing; or
- pre-construction technical assistance to eligible recipients in rural areas and small cities and towns.

Organizations eligible for loans from the revolving loan fund are local governments, tribal governments, local housing authorities, nonprofit community or neighborhood-based organizations, regional or statewide nonprofit housing assistance organizations, or for-profit housing developers. All interest and principal on loans from the funds must be repaid to the loan fund.

Housing Assistance Bureau Programs

In addition to administering the HOME Program, the Housing Assistance Bureau contracts with HUD as the statewide Public Housing Agency (PHA) using an annual Contributions Contract to provide program administration and services on Section 8³ low-income housing programs on a statewide basis.

³ This Consolidated Plan does not cover the Section 8 programs; the programs are included for informational purposes.

Project Based Section 8

The Montana Project Based Section 8 (PBS8) Contract Administrator is the HUD contractor for management and oversight activities for 106 contracts involving 4,337 affordable rental units in Montana. PBS8 conducts annual on-site management reviews for the entire contract portfolio, approves and processes payment vouchers to property owners and agents, renews expiring contracts, evaluates rent increase requests, ensures all health and safety problems are quickly corrected, and provides general management and advisory services to project owners and management agents on behalf of HUD.

Tenant Based Section 8

The Tenant Based Section 8 (TBS8) program, using 35 local field agents in eleven locations throughout the State, provides field services, including issuing assistance, performing inspections, and examining annual income for participants and landlords assisted by the Bureau's programs. Housing Choice Vouchers is the main program in TBS8, with a HUD baseline of 3,629 units, and an annual budget of \$15 million. Moderate Rehabilitation (Mod Rehab) is the other TBS8 program, with a budget of around \$3 million annually and serving over 400 families. In essence a project-based program, owners receive subsidized rent for qualifying participants. TBS8 provides a list of prospective tenants and inspects the rental units annually to insure continued compliance with Housing Quality Standards. The Housing Choice Vouchers program also includes Self-Sufficiency and Homeownership Programs.

Montana Department of Natural Resources and Conservation, Renewable Resources Development Program

The program provides grant and loan funds to governmental entities for renewable resource projects that preserve, conserve, manage, and develop renewable resources. The Resource Development Bureau of the Montana Department of Natural Resources and Conservation (DNRC)⁴ administers the program. Grant funding is limited to \$100,000, and loan funds are available to the limit of the borrower's bonding authority. Interest subsidies for large loans are available subject to legislative approval. The Renewable Resource Grant Program has \$4.0 million available for grant funding each biennium. The last round of applications was due May 15, 2002. Project planning grants are available to provide funding for preliminary engineering and technical analysis needed to identify alternatives for projects that qualify for the renewable resource grant and loan program. A grant of up to \$10,000 is available, and must be matched on an equal basis by the project sponsor. Emergency grants of \$30,000 are available on an open cycle for projects that, if delayed, will result in substantial harm to public health or the environment.

⁴ The Consolidated Plan does not cover Montana Department of Natural Resources and Conservation programs; the programs are included for informational purposes.

Montana Department of Commerce, Treasure State Endowment Program

The Treasure State Endowment Program (TSEP)⁵ is a State funded grant and loan program designed to assist local governments with the construction and repair of drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges in order to solve serious public health and safety problems. The program provides funds for construction projects (grants and loans), preliminary engineering grants, and grants for emergency situations.

TSEP applications for funding construction projects are accepted in the spring proceeding a legislative year. TSEP applications are reviewed and ranked by the MDOC based on seven statutory priorities. Communities that are recommended for grant funds are required to have user fees that meet or exceed the community's "target rate." Target rates are based on a percentage of a community's median household income, making target rates a unique financial measure for each of Montana's communities and allowing TSEP staff to objectively compare the relative financial need of each applicant. The Governor reviews the Department's recommendations and submits recommendations to the Legislature. The Legislature makes the final decisions on funding awards. Table 2 summarizes the type of projects that have been awarded grants, and the projects that pending approval of the 2003 Legislature.

Table 2 – TSEP PROJECTS APPROVED FOR FUNDING					
	Water	Wastewater / Storm Sewer	Combined Water / Wastewater	Solid Waste	Bridges
1993	10	5		2	2
1995	8	5			2
1997	10	11			1
1999	13	17			2
2001	11	17			3
Total Approved	52	56		2	10
2003 Pending	23	16	3	1	12
The total amount of <u>TSEP dollars</u> granted to complete the approved projects is over \$44 million. The <u>total cost</u> to construct all of the approved projects is over \$230 million.					

Close to \$16 million is expected to be available for construction grants to local governments for the State FY 2004-05 biennium. The program received 55 applications for the 2005 biennium requesting \$21,902,149. This was a 37% increase in the number of applications over what the program has typically received. The primary reason for the dramatic increase was the number of applications from counties for bridge projects, which increased by 400%.

⁵ The Consolidated Plan does not cover the Treasure State Endowment Program; the program is included for informational purposes.

New to the program starting in FY 2002 were grants to produce preliminary engineering studies. The program has \$425,000 available per biennium for preliminary engineering grants. These non-competitive grants are especially useful to smaller communities that have problems to solve, but do not have the financial resources necessary to produce a preliminary engineering report, which is required in order to apply for funds needed to complete a construction project. The program awarded grants to 40 communities and counties for preliminary engineering studies.

Also new to the program FY 2002 are grants to remedy emergency situations. One hundred thousand dollars (\$100,000) was available for the biennium to award for emergency projects. Thus far, the program has funded five projects and has approximately \$20,000 remaining.

Montana Department of Commerce, Community Technical Assistance Program

The Community Technical Assistance Program⁶ (CTAP) is a State program administered by the MDOC to provide technical assistance to local governments and development groups on community planning, development, and finance issues and options. Services available from CTAP include individual local government planning and development assistance, public works financing assistance, and general community research assistance. The CTAP program manages county land planning funds, which are distributed to Montana county governments providing small grants for comprehensive planning, economic development planning, and capital improvements planning. These grant funds total approximately \$198,693 annually for 56 counties.

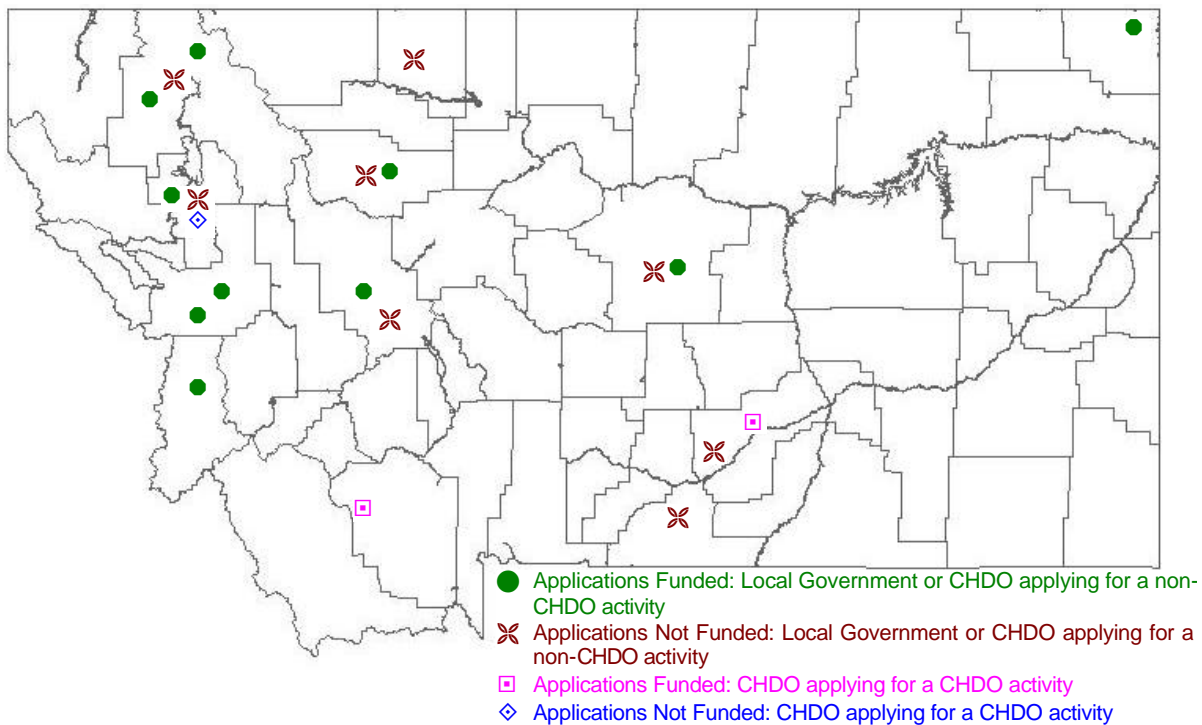
GEOGRAPHIC DISTRIBUTION OF FUNDS

Housing and community development needs vary widely across Montana. The extreme diversity in available housing, age of housing stock, and overall range in population complicate the assessment of the type and degree of housing and community development needs. MDOC programs are implemented on a statewide competitive basis. Entities receiving CDBG and HOME funds must have previous allocations substantially drawn down before they are eligible to apply for additional program funds. This method has been shown to disburse funds equitably throughout the State, allowing all groups an equal chance to apply for funds. Together, all funding methods, whether through a formula, as in the ESG grants, or competitive, as in CDBG and HOME grants, tend to be widely distributed throughout the State. In order to view the geographic dispersion of last year's funding activities, several geographic maps have been prepared.

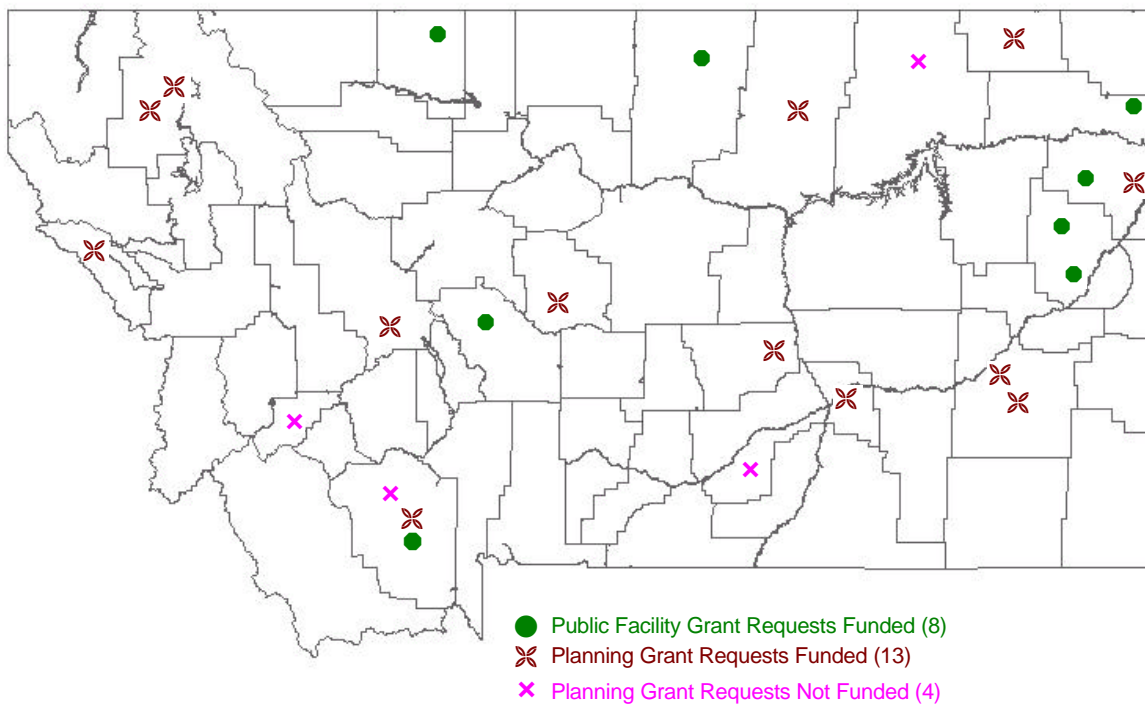
⁶ The Consolidated Plan does not cover the Community Technical Assistance Program; the program is included for informational purposes.

MAPS

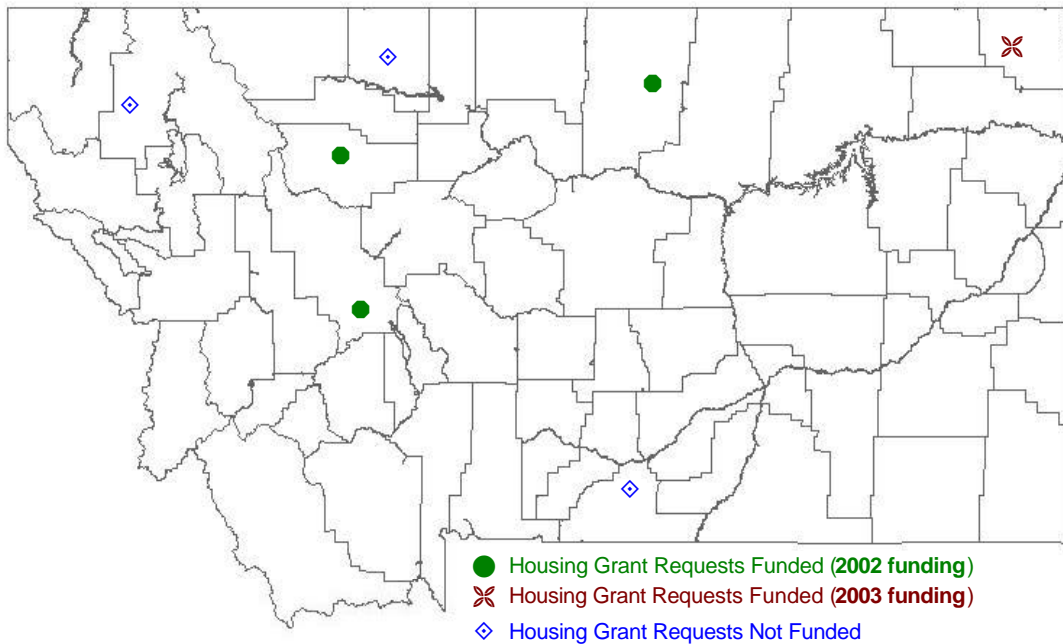
HOME Applications – Program Year Beginning 04/01/02



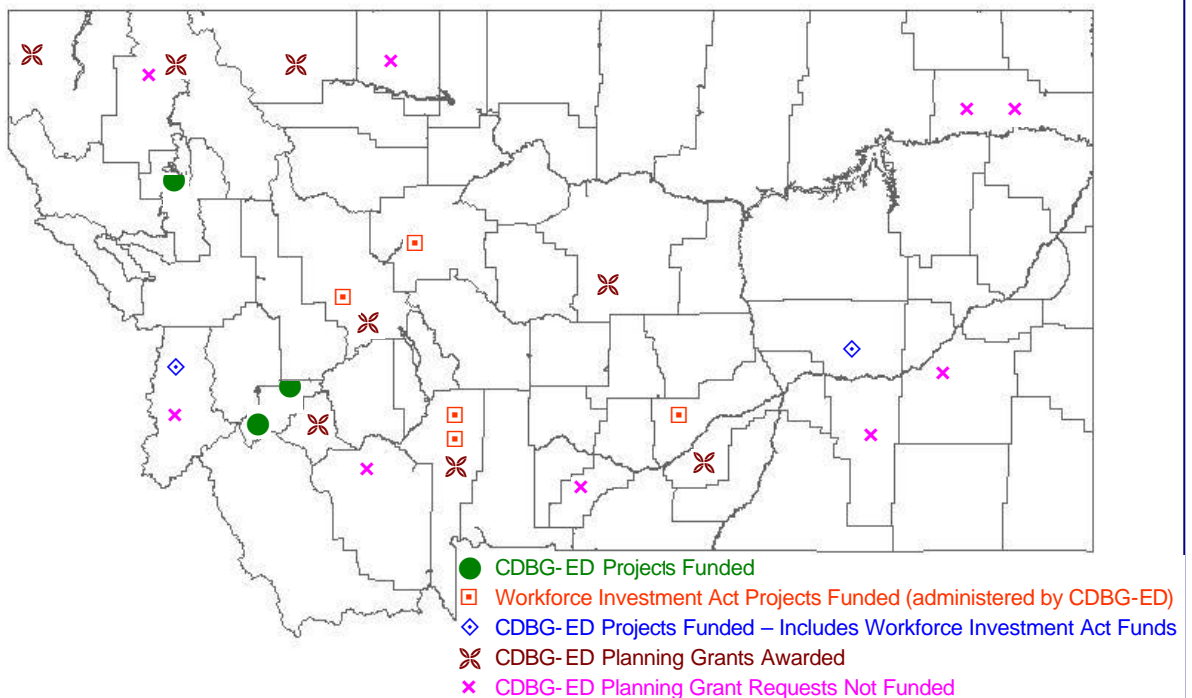
CDBG Public Facilities & Planning Grants – Program Year Beginning 04/01/02



CDBG Housing Grants – Program Years Beginning 04/01/02 & 04/01/03



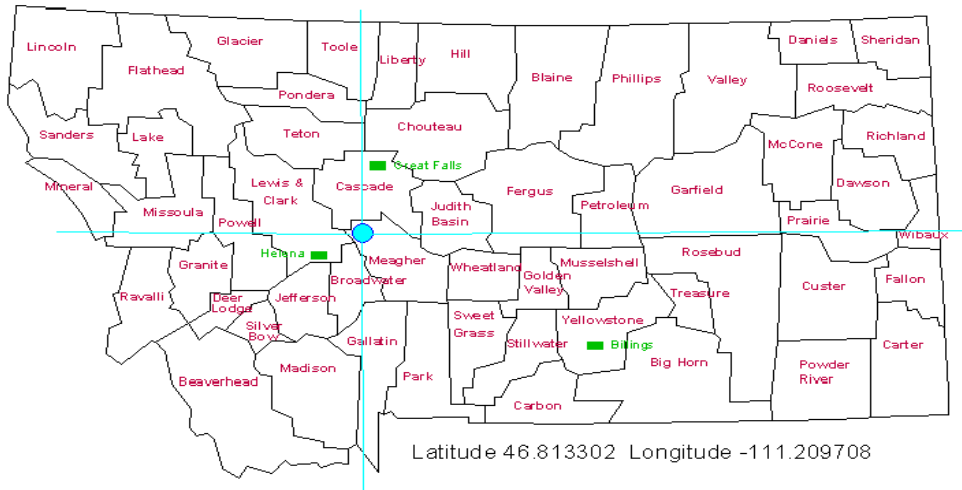
CDBG Economic Development Projects–Program Year Beginning 04/01/02



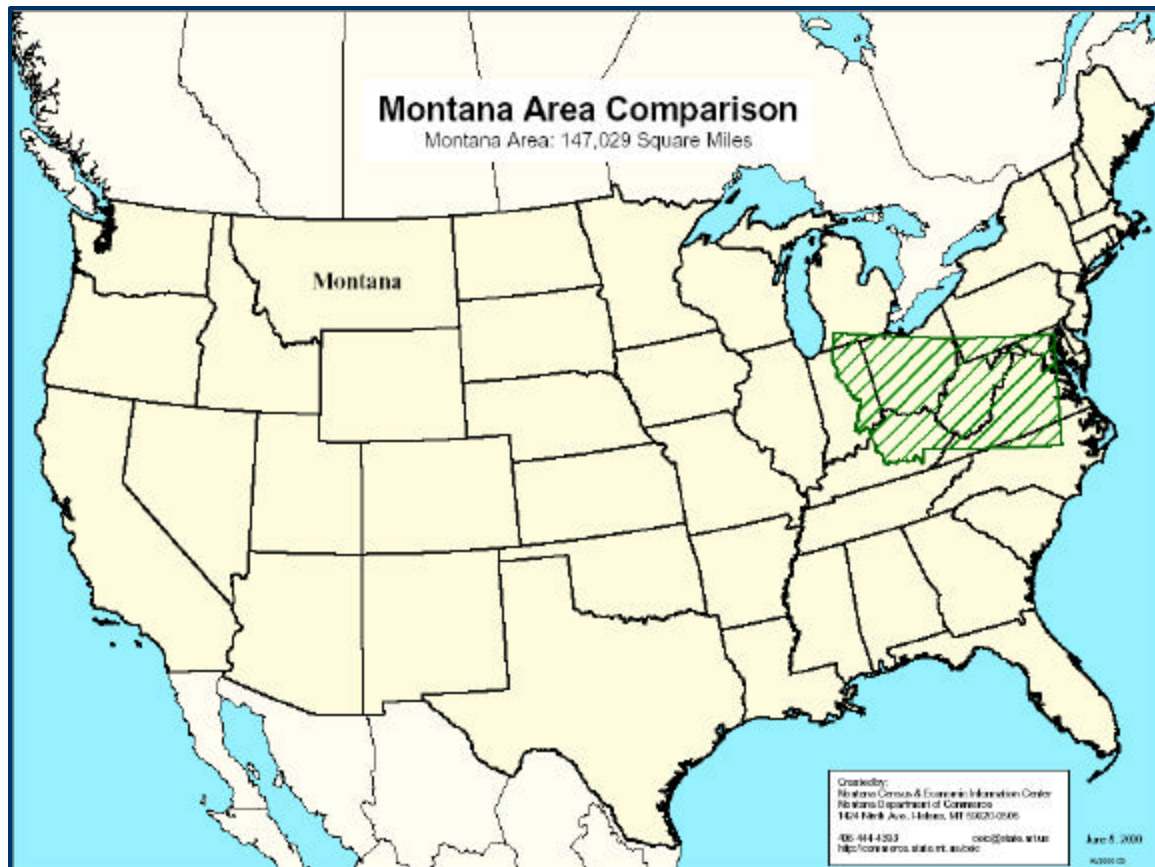
MONTANA

Geographic Center of the Population

Census 2000



Source: U.S. Census Bureau, Census 2000



ACTIVITIES

METHOD OF FUNDS DISTRIBUTION

Community Development Block Grant (CDBG)

Fund distribution for the CDBG **Housing** category is based on an annual competition held in the fall. Eligible applicants are limited to general-purpose local governments: towns and cities under 50,000 population and counties. The maximum grant request for a housing project is \$500,000. Existing grantees must significantly draw down their current funds before they are eligible to apply for additional program funds. Applications for the combined Housing competition for 2002 and 2003 were due in October 2002.

The **Public Facilities** category is also based on an annual competition. To expedite the expenditure of CDBG funds, the Montana CDBG Program moved up the normal deadline for FFY 2003 Public Facility applications from the spring to January 2003. General-purpose local governments: towns and cities under 50,000 population and counties are eligible applicants. The maximum grant request for a public facility project is \$500,000. Grantees must significantly draw down their existing funds before they are eligible to apply for additional program funds. Each local government may apply for one housing project and one public facility project each program year.

The CDBG Program also sets aside funds for **Planning Grants** related to housing and public facilities. The Planning Grants category is based on an annual competition. The deadline date for the Plan Year will be April 25, 2003. Eligible applicants are the same as for the Housing and Public Facilities categories. The Planning Grants can be used for a variety of planning activities including the initial planning necessary to get a project under way; conducting other community planning activities such as preparing or updating a comprehensive plan or growth policy; or preparing a neighborhood redevelopment plan, a housing study, capital improvement plan or similar planning processes needed to help a community address critical needs. The maximum Planning Grant ceiling is \$20,000 for the Plan Year.

The State does not elect at this time to set forth community revitalization activities as a principal grant activity. Local government grantees are still urged to consider community revitalization activities as a complimentary activity to one of the basic eligible housing or public facilities activities, such as doing neighborhood revitalization (demolition, clean up, park development) in conjunction with a traditional housing rehabilitation project. In addition, planning for community revitalization is an eligible activity for a planning grant.

As previously discussed, in order to expedite the expenditure of CDBG funds, the Montana CDBG Program accepted applications for both FFY 2002 and FFY 2003 Housing applications during the fall of 2002 and moved up the normal deadline for FFY 2003 Public Facilities applications from the spring to January 2003. See Table 3 for the schedule.

Table 3 – CDBG APPLICATION DUE DATES		
	FFY 2003	FFY 2004
Planning Grants	April 25, 2003	April 2004
Public Facilities Grants	January 10, 2003	May 23, 2003
	FFY 2002 & 2003	FFY 2004
Housing Grants	October 15, 2002	October 17, 2003

The **Economic Development** component of the CDBG Program receives approximately \$2.5 million, which is one-third of the annual allocation to the State of Montana. Eligible applicants are local governments, who in turn loan these funds to for-profit businesses agreeing to create jobs for low- and moderate-income persons. The Department accepts applications on a continuous basis. The maximum funding amount is \$400,000 per local government in a program year. The minimum funding amount is \$100,000. Communities can continue to apply for funding throughout the program year until they have reached the maximum amount of \$400,000 per local government. The applicant business must prepare a business plan and meet certain thresholds, including providing a 1:1 dollar match. The project application is reviewed by Department staff and the loan review committee, which makes a recommendation to the Department Director, who makes the final funding decision.

The Business Resources Division has set aside approximately \$225,000 in Economic Development CDBG funds for economic development planning, capacity building, and technical assistance grants. This is an increase in this category over 2002. The Division intends to use the set-aside funds for activities similar to those funded in recent years, but will establish specific application policies by May 2003. The policies will specify funding priorities, application procedures, and amounts available at that time for each subcategory. Funds not utilized for this category may be used for the regular Economic Development CDBG program.

For program year ending March 31, 2001, the CDBG ED program added an additional eligible activity, Customized Training for Employees, and will continue that program in the Plan Year beginning 2003. Employee Training is an eligible, stand-alone project activity allowing up to a maximum of \$400,000 in grant funding per local government in a program year for new and expanding businesses that are creating additional jobs. The intent of this new funding activity is to assist businesses provide needed skills and better-paying jobs for their workers. Grant funding for employee training may be applied for in addition to a CDBG loan for new and expanding businesses under one project, up to a maximum of \$400,000 per business. The maximum grant amount to a for-profit business or nonprofit organization for each employee trained is \$5,000. The maximum funding amount is \$400,000 per local government applicant in a program year when combining a CDBG loan with grant-funded employee training for one business.

In addition, the MDOC received a transfer of \$150,000 in October 2000, \$363,735 in October 2001, and \$800,000 in December 2002 from the Montana Department of Labor

and Industry's Workforce Investment Act funds, under the Governor's Discretionary Fund, to expand employee training grants.

HUD Section 108 Loan Guarantees will be available under exceptional circumstances. These loans will be available subject to the analysis and discretion of the MDOC Loan Review Committee, and contingent upon the local government applicant and financing packager receiving assistance from an organization or individual consultant experienced with structuring Section 108 projects.

The CDBG ED program also administers the EDA/CDBG Revolving Loan fund, a state-administered EDA revolving loan fund, matched with CDBG funds, and administered under CDBG guidelines. The program also provides assistance to Montana's emerging revolving loan fund industry.

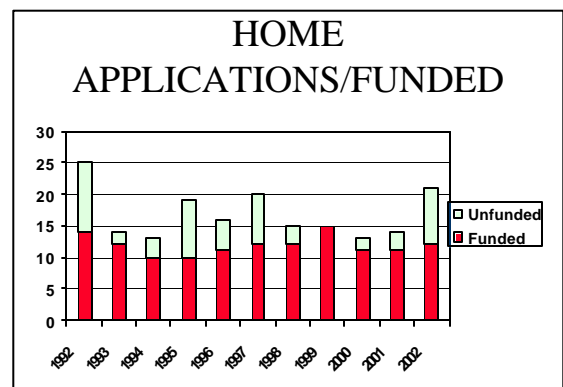
The CDBG Economic Development program is a major player in economic development financing in Montana. Economic development projects have leveraged private lender funds and federal funds, including U.S. Small Business Administration SBA 7a and 504 programs, U.S. Department of Commerce Economic Development Administration (EDA) funds, U.S. Department of Agriculture Rural Development program funds. Economic development projects have also leveraged funds available from State programs such as the Montana Board of Investments and the Montana Department of Agriculture's Growth through Agriculture program. For matching funds, the CDBG ED program requires one non-CDBG dollar for each dollar of non-administrative CDBG funds requested. For program years April 1997 through March 2002, more than \$15.5 million of CDBG ED funds were awarded to 52 different local governments. The CDBG ED funds leveraged approximately \$85 million of private, state, and federal funds.

HOME Investment Partnerships Program (HOME)

Program funds for HOME are distributed through a competitive process of grant applications with a deadline date of March 3, 2003. Eligible applicants include general-purpose local governments (counties, incorporated cities and towns, and consolidated city-county governments), Community Housing Development Organizations (CHDOs) certified by the MDOC, and Montana Public Housing Authorities (PHAs). The maximum request for a HOME project is \$500,000 (including soft costs)

for homebuyer assistance, homeowner rehabilitation, rental rehabilitations, and new construction. CHDOs receive a minimum 15 percent set-aside of each fiscal year allocation to perform ownership, sponsorship, and development activities. Existing grantees are eligible to reapply for an additional HOME grant if:

- the grantee is in compliance with the project implementation schedule contained in its HOME contract with the MDOC;



- there are no unresolved audit, monitoring, or performance findings for any previous HOME grant awards to the applicant;
- 55% of the project funds of any 2002 HOME grant have been drawn down by the application deadline date;
- 75% of the project funds of any 2001 HOME grant have been drawn down by the application deadline date; and
- all grantee projects over two years old (FFY 2000 grants) are completed and have a conditional closeout submitted prior to applying for additional funds

Emergency Shelter Grant Program

The 10 regional Human Resource Development Councils receive 95 percent of the funds allocated under this program. Funds are distributed based on a formula allocation contained in ARM 53-10-502 pertaining to the Community Services Block Grant. This allocation reflects areas of poverty and general population.

Housing Opportunities for Persons With AIDS (HOPWA) Program

The Intergovernmental Human Services Bureau of the DPHHS, with the assistance Montana State University-Bozeman, administers a three-state partnership (Montana, North and South Dakota) known as Tri-State HELP (Housing Environments for Living Positively). The mission of Tri-State HELP is to provide access to affordable housing and supportive services to people living with HIV/AIDS and their families in a dignified manner. The project received a \$1,309,501, three-year grant under HUD's HOPWA program⁷ to provide tenant-based rental assistance, emergency assistance, and housing coordination services to an estimated 70 individuals living with AIDS/HIV and their families. Tri-State HELP represents the first multi-state HOPWA competitive application, and thus presents an innovative model for delivery of HIV/AIDS housing and related social services. In Montana, the services are provided through the Missoula AIDS Council (MAC) for Western Montana and the Billings-based Yellowstone AIDS Project (YAP) for eastern Montana.

The two regions in Montana will receive approximately \$622,000 over the three-year period. This includes Supportive Services, Sponsor Administration, and \$480,600 for Rental Assistance and Short Term Emergency Assistance. Montana began HIV reporting in 2001. According to the DPHHS, a total of 551 HIV/AIDS cases (AIDS diagnoses and HIV infections without an AIDS diagnosis) had been diagnosed in Montana by December 31, 2001. Forty-four individuals have accessed the program and are currently in a stable housing situation, which enables them to access case worker and medical services consistently, ultimately improving their quality of life prior to TS HELP assistance. From June through November 2002, YAP and MAC allocated a combined total of \$39,129 for long-term assistance and \$24,622 for short-term.

⁷ The funding is Montana's share of a \$1.3 million, three-state (Montana, North Dakota, and South Dakota) grant award announced in December 2001 by HUD as part of \$6 million in competitively awarded grants for housing, services and technical assistance, primarily for new programs in rural areas that did not qualify for federal block grant funding.

Program goals for Tri-State HELP include:

- improving coordination among housing and service providers in each state, including better integration of service delivery.
- identifying service gaps and financial needs of people living with HIV, and develop strategies to address them. Strategies should acknowledge geographic differences between cities and rural areas.
- developing an evaluation that measures the effectiveness of stable housing for clients and how the Tri-State HELP program improved the quality of their life.

Treasure State Endowment Program

Eligible applicants for the TSEP program include any incorporated city or town, county, consolidated government, tribal government, and county or multi-county water, sewer or solid waste management district. Construction grants typically require a dollar-for-dollar match, however, the match can include other grants. Applicants are limited to requesting a maximum of \$500,000 for construction grants. Grants for preliminary engineering are limited to \$15,000 and also require a dollar-for-dollar match, but the match must be local funds. Grants for emergency projects are limited to \$30,000 and the applicant is expected to expend any of its own financial resources first.

MINORITY POPULATIONS

Montana has a significant Native American population comprising the second largest segment of the population, 6.2 percent. Combined, the Asian and Native Hawaiian/Other Pacific Islander populations total 0.6 percent. The Black/African American population in Montana is very small at 0.3 percent, with the greatest area of concentration in Cascade County.⁸

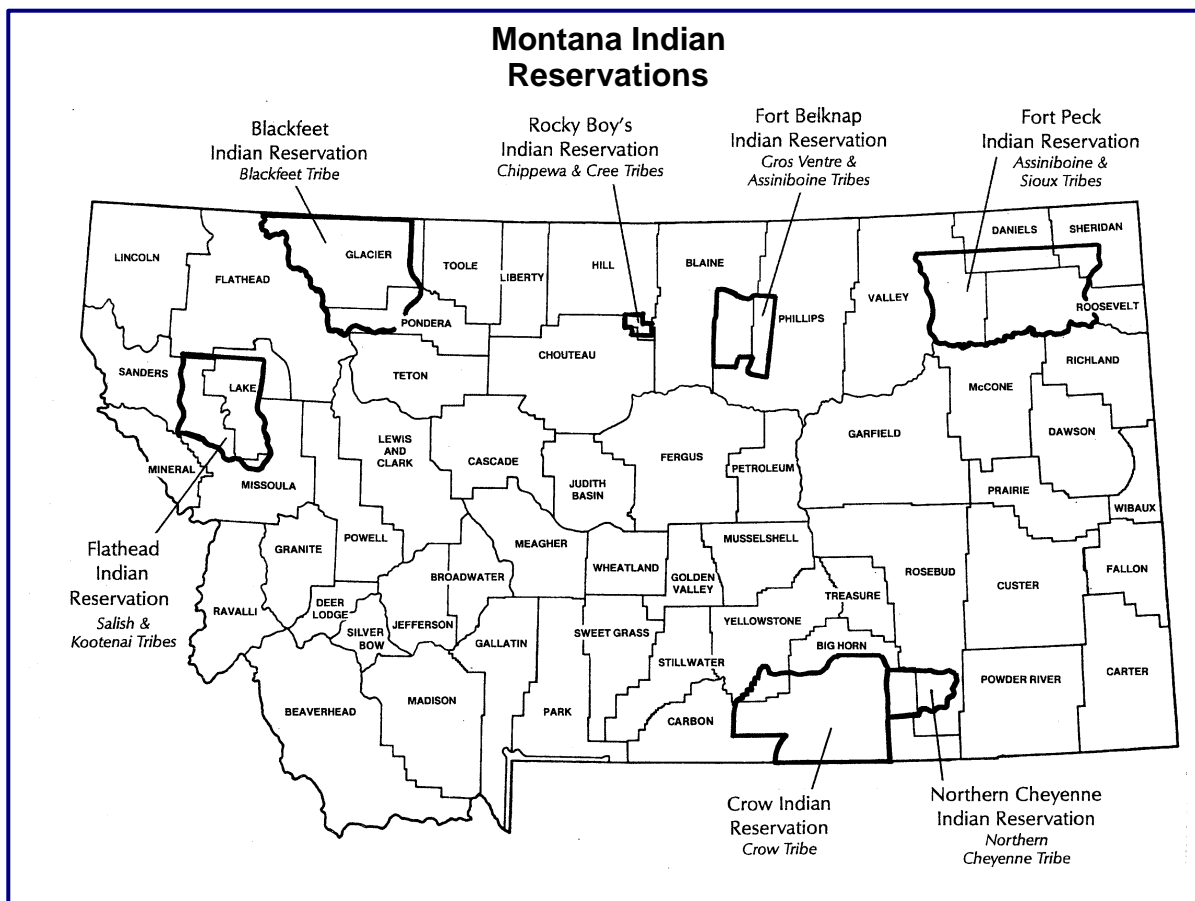
Native American Population

Table 4 – RACE / ETHNICITY	
Race / Ethnicity	Percent
White population	90.6%
Native American (American Indian/Alaska Native)	6.2%
Two or more races	1.7%
Some other race	0.6%
Asian	0.5%
Black/African American	0.3%
Native Hawaiian/Other Pacific Islander	0.1%
Hispanic or Latino population	2.0%
Data for Race / Ethnicity is from Census 2000 unless other wise noted Source: Census and Economic Information Center, Montana Department of Commerce	

The majority of Native Americans reside on Montana's seven Indian Reservations located throughout the State (see map). Glacier, Big Horn, Roosevelt and Blaine counties have the largest percentage of Native American residents: Glacier - 62 percent; Big Horn - 60 percent; Roosevelt - 51 percent; and Blaine - 45 percent. Other counties with relatively large percentages of Native American residents are Rosebud, Lake, Hill, Chouteau, and Pondera.⁹

⁸ U.S. Census Bureau, Washington, DC 20233, Released March 21, 2001. Compiled by: Census and Economic Information Center, Montana Department of Commerce.

⁹ U.S. Census Bureau, Washington DC 20233, Released March 21, 2001. Compiled by: Census and Economic information Center, Montana Department of Commerce.



The HUD Regional Director of CPD asked the State of Montana about what it was doing to help the Native American minority population in our State. Applications for the CDBG and HOME Programs are received from all areas of the State, including areas of concentrated minority populations such as towns located within reservation boundaries and counties, which include designated reservation land. Additionally, the HOME Program accepts applications from CHDOs around the State. Approximately one-quarter of the 31 certified CHDOs in Montana have reservation land within their service areas and are encouraged to apply for HOME funds for projects in those areas. The Ktunaxa Community Development Corporation (Flathead Reservation) and the Wolf Point Development Corporation (Fort Peck Reservation) are endorsed by tribal council and have amended original by-laws to meet the requirements to become State of Montana certified CHDOs. The HOME program works extensively with all CHDOs and local governments to meet the housing needs of all residents within an applicant's jurisdiction. All applications received are ranked according to program ranking criteria, and funds are distributed for projects that meet the greatest need in Montana.

Efforts to Further Native American Housing Opportunities

Section 184 Indian Housing Program: The MBOH set aside \$1,000,000 in mortgage prepayments to be recycled into permanent financing for single-family homes located on trust land on Indian Reservations that are guaranteed by HUD through its Section 184

program for Native Americans. The MBOH worked with local banks, tribal representatives, bond counsel, and state and regional HUD officials to get special consideration and guarantees from the Secretary of HUD in Washington, D.C. to enable the MBOH to participate in this program. The MBOH has financed nine homes for families on trust land with this program.

Native American Housing Loan Guarantee Program: The MBOH set aside \$1,000,000 in mortgage prepayments to be recycled into permanent financing for single-family homes for Salish & Kootenai tribal members on the Flathead Reservation. The tribal Housing Authority is guaranteeing the loans. This is a pilot program to encourage tribal entities to partner in conventional home financing for their members. One loan has been completed through this program.

The MBOH Low Income Housing Tax Credit Program has funded six projects submitted by three tribes in Montana. The Salish and Kootenai have built three projects totaling 40 units. Twenty of those units are single-family homes projected to be eventual home ownership. The Salish and Kootenai are currently working on rehabilitation of 33 single-family rental homes that received a tax credit allocation in 2002. The Blackfeet are currently leasing up 20 single-family rental homes they have completed. The Fort Belknap Housing authority also received tax credits for a total of 22 single-family rental homes.

Tax credits and Native American Housing Assistance and Self-Determination Act (NAHASDA) funds have been shown to work well together and projects submitted by the tribes continue to score well as the Indian lands in Montana show a great need for safe, decent affordable housing.

Additionally, the Montana Partnership Office (MTPO) of Fannie Mae has been instrumental in promoting Native American homeownership opportunities in the State. The Native American Homeowners Task Force meets monthly and discusses every tribe and their respective activities. Fannie Mae personnel work on trying to establish legal framework for the secondary market. Fannie Mae has held "Pathways to Homeownership" seminars at Crow, Northern Cheyenne, Fort Peck, and Blackfeet tribes, and homebuyer education and training sessions as a follow-up to the Pathways.

Montana Resource Conservation and Development (RC&D) Areas and the Montana Homeownership Network are establishing construction curriculums at Blackfeet, Fort Belknap, and Rocky Boy. Fannie Mae has facilitated the expenses involved in getting high school and tribal college teachers certified in this to teach the trades to students. A video is being developed about this partnership.

Education has been a large focus. Through the Fannie Mae Foundation, which established the "Building Native Communities" Financial Literacy Curriculum, 30 teachers have been certified. Beginning with four, then a class of 12 and then recently another class resulting in a total of 30 certified teachers in the State. The Native American Development Corporation and Montana Credit Unions recently received funding to implement a "First Accounts" program. Fannie Mae facilitates the organizations' efforts and coordinates with them to reach the goal of training and getting

minorities and Native Americans to open bank accounts and ward off predatory lending types.

Native American Housing Symposiums:

Nearly 200 tribal members from Montana and Wyoming have attended the Native American Housing Symposiums, a conference held in 2001 and 2002



dedicated to developing solutions for increased affordable housing on native lands. In 2002, the United Native American Housing Association (UNAHA) and Fannie Mae brought together members from the 12 tribes in Montana and Wyoming, members of UNAHA from adjoining states, and housing specialists. Together they have addressed financial management and education issues, local affordable housing efforts, and Fannie Mae's new internal Native American Business Council. In addition to tribal members, participants included:

- Bureau of Indian Affairs
- Countrywide Home Loans
- First Interstate Bank
- Green Point Mortgage
- Montana Board of Housing
- Montana Department of Commerce
- Native American Bank
- Native American Development Corp.
- Veteran's Administration
- Resource Conservation & Development (RC&D) Areas
- U.S. Department of Agriculture, Rural Development (USDA/RD)
- U.S. Department of Housing and Urban Development (HUD)
- Wyoming Community Development Authority
- MT American Indian Homeownership Task Force

Salish & Kootenai Tribe Investments: The MTPO works with the Salish & Kootenai Tribal Housing Authority to find opportunities for investment in their housing projects. Fannie Mae made an equity investment in Elmo Elder Living Center, an affordable senior rental housing development located on the Flathead Indian Reservation. Elmo Elder Living Center offers 10 one-bedroom units starting at \$150 per month, and was developed by the Salish & Kootenai Housing Authority utilizing public and private financing to maintain affordability. The MTPO also provided a \$5,000 grant to the Housing Authority to support the creation of a new Montana-Wyoming Lending Consortium.

Expanding Native American Lending: The MTPO facilitated homeownership opportunities for the state's Native American population. Building on relationships with tribal leaders, the MTPO assisted tribes with establishing the legal and regulatory framework necessary for lending on tribal and trust lands, as well as opportunities for Title VI and Low Income Housing Tax Credit programs. The MTPO also supported key homebuyer education and financial literacy efforts of partners across the state, such as the Montana Homeownership Network's support of RC&Ds. The Montana American Indian Homeownership Task Force, a partnership of Countrywide Home Loans, First Interstate Bank, HUD, USDA Rural Development, Montana Board of Housing, and Fannie Mae, worked with each tribe to address individual mortgage lending issues and

to coordinate efforts in a uniform manner. The Task Force also implemented “Pathways to Homeownership,” an effort to provide homebuyer education and pre-qualification on four reservations. Fannie Mae has purchased 15 single-family loans and invested in tax credit projects with the Blackfeet and Confederated Salish & Kootenai Tribes.

SPECIAL NEEDS POPULATIONS

The Homeless

Breaking the long-term cycle of homelessness, tempered by short-term shelter, cannot be accomplished by building more shelters or facilities alone. Real help is enabling the homeless to rely on themselves. Besides a lack of shelter, homelessness involves a variety of unmet physical, economic, and social needs. A comprehensive, coordinated system of homeless assistance is comprised of a wide array of services, tools, and opportunities for the homeless. Homeless services will include a prevention strategy and will help the homeless in stages—to take them from an emergency shelter to permanent housing. The first stage involves emergency shelters. Here the homeless are provided with immediate shelter and assessed in order to identify an individual’s or family’s needs.

The second stage offers transitional housing and necessary social services. Included in these services are mental health and substance abuse counseling, vocational rehabilitation, education, family support, child care, independent living skills training, job training and placement, and employment opportunities where the homeless can both acquire and put to use new work skills.

The final stage is permanent housing or permanent supportive housing arrangements. While all three stages may not be needed by everyone, the community will have them available as part of the coordinated, comprehensive plan.

Continuum of Care

The Montana Continuum of Care (CoC) for the Homeless Coalition is a statewide collaboration of diverse homeless service providers, nonprofit organizations, and local and state governments. The coalition was formed to address homelessness with very few resources to cover a vast geographical area. The system is predicated upon community and regionally based continuum of care systems, which form the statewide coalition and continuum of care process.

The CoC mission is to maximize the resources that can be brought to bear in overcoming homelessness, to collectively direct the most efficient use of limited resources and to promote a unified system of outreach, referral, information sharing, planning, and service. The CoC participants share the benefit of leveraging each other’s resources and efforts to provide increased and coordinated services to all homeless across the State.

Participation in the statewide coalition is open to anyone interested and new members are continually encouraged and recruited. Participants last year included representatives from local and state government, public housing authorities, regional human resource development councils, other nonprofit organizations represent the homeless, housing and service providers, emergency shelters, domestic abuse shelters, veterans organizations, and mental health centers.

The CoC identifies, prioritizes, and supports projects and activities that enhance the integration and coordination of homeless services in Montana. Each community is encouraged to develop a local continuum in response to specific needs. Based on the local continuum, potential projects are identified and presented to the coalition. The group constructively critiques each project and provides comments and suggestions such as other possible funding sources and leveraging avenues. Projects are also critiqued based on the needs of the community and the integration of the project in relation to the overall statewide CoC. The coalition operates on consensus-based decision-making to identify projects most needy and worthy of support. The CoC then prepares a single, coordinated application in response to the Notice of Funding Availability for Shelter Plus Care and Supportive Housing.

The continued role of the statewide Continuum of Care is critical in meeting the needs of the homeless population in Montana. The coalition has formulated the following actions to promote and guide the group's work plan:

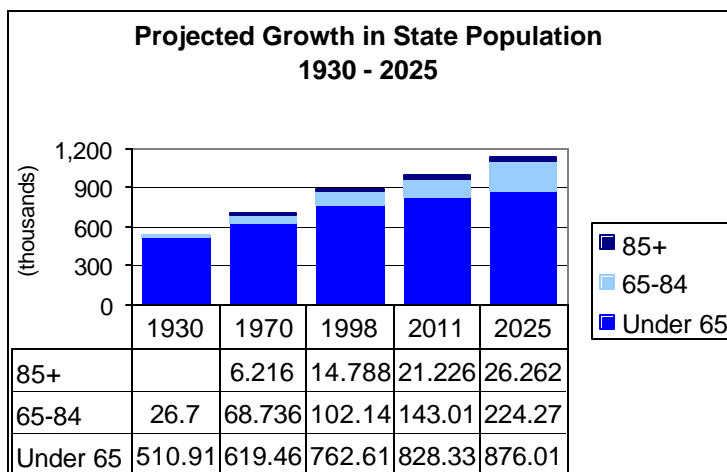
- Continue to conduct an annual statewide survey to count and assess homeless needs;
- Collect, analyze, publish and distribute survey findings;
- Conduct a minimum of four meetings annually with at least one regional meeting in eastern Montana;
- Continue to explore options for initiating a statewide uniform intake and referral system;
- Use technological and other resources to more efficiently and effectively identify needs and characteristics of homeless sub-populations;
- Incorporate homeless prevention into advocacy efforts;
- Use the Montana CoC to secure and leverage other funding, particularly from foundations for the ongoing support of the coalition activities; and
- Contribute to the annual update of the State Consolidated Plan.

Table 5 – CONTINUUM OF CARE: GAPS ANALYSIS --2002				
		Estimated Need	Current Inventory	Unmet Need/Gap
Individuals				
Beds	Emergency Shelter	441	278	163
	Transitional Housing	682	90	592
	Permanent Supportive Housing	249	131	118
	Total	1,372	499	873
Supportive Services Slots (This section is OPTIONAL)				
Sub-Populations	Chronic Substance Abuse	331	135	196
	Seriously Mentally Ill	552	323	229
	Dually-Diagnosed	143	111	35
	Veterans	190	86	104
	Persons with HIV/AIDS	15	9	6
	Victims of Domestic Violence	189	79	110
	Youth	83	63	20
	Chronic Homeless *	157	115	42
* This count excludes Shelter Plus Care recipients. The figure of 115 chronic homeless "currently being served" includes any service, even a food bank handout or a shelter bed. This number should not be interpreted to mean that they are receiving services "needed" to become stabilized, such as intensive case management, mental health treatment and medication or substance abuse treatment.				
Persons in Families With Children				
Beds	Emergency Shelter	395	143	252
	Transitional Housing	621	77	544
	Permanent Supportive Housing	396	30	366
	Total	1,412	250	1,162
Supportive Services Slots (This section is OPTIONAL)				
Sub-Populations	Chronic Substance Abuse	286	130 **	156
	Seriously Mentally Ill	466	106	360
	Dually-Diagnosed	115	48	67
	Veterans	112	38	74
	Person with HIV/AIDS	15	13	2
	Victims of Domestic Violence	268	128	140
	Other			
** This section is primarily the head of household as the homeless person being served and does not include all family members				

Elderly and Frail Elderly

In Montana, the elderly demographic transformation over the next several years raises concerns about future implications for state and federal governments. The increase in Montana's aging population will have significant implications for the State. Currently 13.3% of Montanans are over age 65 and approximately 1.7% are over age 85. The total population of Montana grew approximately one-third of one percent between 1998 and 1999, as did the sixty-five and older age group. Interestingly, the "65 to 84" age group decreased by approximately 1/5 of one percent, while the 85 and older age group grew at 3.6%. Montana ranks 6th highest in the nation for percentage of population over

age 50, 20th in the nation for percentage of population over age 65, and 19th in the nation for population over age 85.¹⁰ Between now and year 2025 Montana will experience one of the most dramatic demographic transformations in its history. With the aging of baby boomers and increased longevity, Montana is expected to become a significantly older community.



Projections from U.S. Census Bureau

The lack of affordable housing is a problem for many of Montana's senior citizens. Housing prices in Montana continue to rise, making it more difficult for individuals to afford their own homes. The gap between Montana's lower income citizens and access to affordable housing is widening.

In addition, individuals 80 and older require more health services and/or assisted living facilities. The demand for assisted living is determined by the size of the elderly population in need of assisted services, the level of income available to the senior, and other types of senior living arrangements available to the person. Montana's low-income elderly population has the greatest need for, and the least capability for purchasing the assisted living services. As the elderly population grows, so will the need for such facilities in the State.¹²

Table 6 – SPECIAL NEEDS/ NON-HOMELESS SUMMARY TABLE STATE OF MONTANA – FIVE YEAR PLAN 2001 - 2005 ¹¹	
SUB-POPULATIONS	Priority Need Level High, Medium, Low, No such need
ELDERLY AND FRAIL ELDERLY	M
VETERANS	M
PERSONS WITH DISABILITIES	
SEVERE MENTAL ILLNESS	M
DEVELOPMENTALLY DISABLED	M
PHYSICALLY DISABLED	M
PERSONS WITH ALCOHOL/OTHER DRUG ADDICTION	M
PERSONS WITH HIV/AIDS	M
PERSONS WITH TUBERCULOSIS	M
TOTAL	M

Persons with Disabilities

The 2000 U.S. Census enumerated 145,732 people over the age of five living in Montana with a disability (17.5% of the population). Many people with disabilities had

¹⁰ The State of Aging in Montana, 2000 Annual Update: Report Summary, MT Dept of Public Health & Human Services, Senior & Long Term Care Division

¹¹ The State has determined a "medium" need at the statewide level. It is up to each locality to determine its own area(s) of highest need.

¹² *The Montana Assisted Living Study*, Demand for Assisted Living, October 1996.

more than one disability resulting in a total number of disabilities tallied of 258,723. The U.S. Census considers people five (5) years old and over to have a disability if they have one or more of the following:

- a. blindness, deafness, or a severe vision, or hearing impairment;
- b. a substantial limitation in the ability to perform basic physical activities, such as walking, climbing stairs, reaching, lifting, or carrying;
- c. difficulty learning, remembering, or concentrating; or
- d. difficulty dressing, bathing, or getting around inside the home.

In addition to the above criteria, people 16 years old and over are considered to have a disability if they have difficulty going outside the home alone to shop or visit a doctor's office. People 16 to 64 years old are considered to have a disability if they have difficulty working at a job or business. Disability becomes more common as people age; the 2000 U.S. Census identified 40% of Montana's senior citizens as living with a recognizable disability. With the general demographic aging trend due to the baby boom generation, people with disabilities will constitute a greater percentage of the total population in years to come. Many Montana families experience disability; either directly or through providing aid and assistance to a family member with a disability.

The *Economic and Demographic Analysis of Montana* reports that people with disabilities comprise 22.2% of Montana's total population living in poverty. Adults with disabilities are significantly less likely to be employed and possess a lower level of educational attainment than the population as a whole contributing to a greater general level of economic disadvantage in comparison to the population as a whole.

For more information on the economic and demographic characteristics of Montana residents with disabilities, see the *Economic and Demographic Analysis of Montana*, available from the Montana Department of Commerce, Housing Division, 301 South Park Avenue, Helena, MT 59601, (406) 841-2820, TDD (406) 841-2702, or visit the Housing Division website at:

http://commerce.state.mt.us/Housing/Hous_Home.html

or the Consolidated Plan website at:

http://commerce.state.mt.us/housing/Hous_ConsPlanappls.html

Persons with disabilities require supportive services in conjunction with the provision of affordable housing. Those persons with non-mobility related disabilities often require extensive special services, particularly those who are chronically homeless, chemically dependent, or mentally disabled. These individuals experience ongoing daily functioning difficulties because of their illness and many are unable to work due to their profound disabling illness.

CENSUS 2000: MONTANA

Population 5 Years and Over with a Disability

MONTANA AVERAGE: 17.5%

County	Percent of Population 5 Years and Over with a Disability
Lincoln	22.7
Glacier	17.3
Toole	19.3
Hill	17.1
Blaine	16.7
Phillips	19.2
Valley	19.0
Daniels	16.9
Sheridan	16.2
Flathead	16.6
Pondera	20.5
Liberty	16.2
Chouteau	16.0
Richland	16.5
Roosevelt	16.7
Sanders	24.4
Lake	19.3
Teton	17.6
McCone	16.0
Dawson	16.7
Mineral	21.4
Missoula	15.6
Lewis & Clark	17.2
Cascade	19.7
Judith Basin	17.2
Petroleum	16.6
Garfield	19.7
Wheatland	19.3
Fergus	18.6
Golden Valley	21.8
Musselshell	19.5
Rosebud	17.1
Treasure	16.1
Prairie	16.1
Woods	26.1
Fallon	15.1
Custer	19.3
Powder River	18.0
Carter	21.7
Big Horn	23.0
Carbon	17.1
Stillwater	18.4
Sweet Grass	15.5
Park	18.8
Gallatin	11.7
Madison	15.8
Beaverhead	16.2
Ravalli	18.5
Granite	21.7
Powell	21.7
Deer Lodge	23.8
Silver Bow	18.6
Jefferson	15.5
Broadwater	19.7
Meagher	16.4

Percent of Population 5 Years and Over with a Disability

- Less than 16%
- 16 - 17.9%
- 18 - 19.9%
- 20 - 21.9%
- More than 22%

People 5 years old and over are considered to have a disability if they have one or more of the following:

- blindness, deafness, or a severe vision or hearing impairment,
- a substantial limitation in the ability to perform basic physical activities, such as walking, climbing stairs, reaching, lifting, or carrying,
- difficulty learning, remembering, or concentrating, or
- difficulty dressing, bathing, or getting around inside the home.

Source: U.S. Bureau of the Census, Census 2000

Created by:
Census & Economic Information Center
Montana Department of Commerce
301 S. Park Ave. Helena, MT 59620-0905
406-441-2740
census@mt.com
http://www.commerce.state.mt.us

September 17, 2003

According to the national study *Priced Out in 2000* (Technical Assistance Collaborative), SSI of \$540 per month, or \$6,480 per year, represented only 22% of the one-person average median income for the state of Montana. People with disabilities receiving SSI benefits are among the lowest income households in Montana. On average, the *Priced Out in 2000* study documents that people with disabilities living on SSI income would pay 73% of their income for the Montana average HUD Fair Market Rent levels for a one-bedroom unit. When the percentage of income spent on housing costs exceeds 50% the household is considered to be “severely” rent burdened and have “worst” case needs for housing assistance. On a national level, it is estimated that 25% of the

households in the United States with “worst case” housing needs are people with disabilities.

In the absence of housing assistance, people with disabilities who rely on SSI income are likely to have few resources left over for food, medicine, and other necessary living expenses after housing expenses are paid. The result is that many will live in substandard housing, live in danger of becoming homeless, or in fact become homeless.

People with serious disabling mental illness are served through mainstream subsidized housing programs throughout Montana, but are most strongly impacted by the general shortage of affordable housing in many communities in Montana. Efforts by people with mental illness to find decent, stable, affordable, and safe housing are hampered by their very low fixed incomes, diminished daily living skills, stigma related to mental illness, difficulty presenting well to prospective landlords, lack of specialized housing services, and the general shortage of affordable housing. As a group, people with mental illness exhibit among the highest need for affordable housing in the state of Montana. People with mental illness have difficulty maintaining their housing without specialized supportive mental health services. Mental illness remains one of the leading contributors to homelessness in Montana.

The Montana Homeless Continuum of Care 2002 Statewide One-day Snapshot Survey conducted in April of 2002 helps document the problem. A total of 552 heads of homeless households self-identified that they needed mental health care, and 187 heads of households stated that they had physical disabilities. The survey interviewed 1,379 heads of households during the 2002 survey (identifying a total homeless population of 2,299 including the children of respondents). In terms of surveyed homeless heads of household respondents, a total of 53% identified having a disability.

Many adults with serious disabling mental illness can only maintain a living arrangement with close, ongoing supervision and support of mental health service providers. Specialized housing and community living programs for people with mental illness are limited in number and are offered in only a few communities in the State. A significant need exists for a continuum of specialized supportive housing opportunities for people with serious disabling mental illness distributed throughout communities across the state of Montana. This need for continuum of supported housing ranges from group home to supported apartment living to specialized residential programs for people experiencing difficulties related to both mental illness and substance abuse. These specialized supportive housing programs linking appropriate housing to necessary supportive mental health services offer the best opportunity for stable, successful community living for people with serious disabling mental illness. Homelessness and inadequate living arrangements are frequently associated with adults with severe and disabling mental illness (SDMI). Persons with SDMI need a variety of housing options ranging from supervised group living to independent home ownership. In order to assure an opportunity for these individuals to actually achieve a “home”, regardless of the nature of physical structure, it is also essential that mental health agencies offer rehabilitation and support services to assist the consumer in successful participation in the community.

Homeownership for People with Disabilities

President Bush, in announcing his *New Freedom Initiative*, identified a major discrepancy in homeownership between the average rate of homeownership 71% and that of households headed by people with disabilities, which stands at 10%. This national figure is generally applicable to the homeownership gap present in Montana as well.

Like other citizens, people with disabilities can benefit from homeownership. Efforts to provide homeownership opportunities and choices can be supported through the combination of funding programs and new initiatives. Individuals with disabilities may need access to higher assistance levels than the average first-time homebuyer due to limitations on work and related earning power due to their disability. Fannie Mae in partnership with the Montana Home Choice Coalition is piloting the HomeChoice™ mortgage product designed to work in combination with other homebuyer assistance programs. An education and outreach effort to both the homebuyer assistance networks, the housing finance community, and the disability community itself can help assist Montanans with disabilities access the choice of homeownership.

U.S. Supreme Court Olmstead Decision/Bush Administration *New Freedom Initiative*

The 1999, the U.S. Supreme Court Olmstead Decision established that States must work to provide people with disabilities who currently reside in institutions or other intensive levels of care like nursing homes with appropriate and meaningful opportunities for full access to community life. A fundamental piece of creating appropriate community living options is appropriate housing. The Bush Administration's *New Freedom Initiative* calls for swift implementation of the *Olmstead* decision and calls on federal agencies (including HUD) and their funded programs to identify and remove obstacles that prevent people with disabilities from full participation in community life to and to work cooperatively to assist the states in creating appropriate *Olmstead* solutions across the country. In Montana, the major institutions serving people with severe disabilities include Montana State Hospital at Warm Springs, and the State Nursing Care Center at Lewistown, which serve people with mental illness, and the Developmental Center at Boulder and Eastmont in Glendive serving people with developmental disabilities. *Olmstead* also covers people with disabilities who are inappropriately served in nursing homes or other higher levels of restrictive care.

ADDRESSING LEAD BASED PAINT HAZARDS

MONTANA'S CHILDHOOD LEAD POISONING PREVENTION (CLPP) PROGRAM

Montana CLPP will continue to assess the prevalence and incidence of lead exposures of young children in Montana by monitoring blood lead levels. Counties have been evaluated for risk according to poverty statistics of young children and the amount of older housing and the general condition of the housing. Review of this information indicates an appropriate method to reach children living in pre-1950 housing is to access children enrolled in the Special Supplemental Nutrition Program for Woman,

Infant, and Children (WIC). Specifically, children whose income levels are below the threshold for eligibility in the Medicaid Program will continue to be assessed. Due to reductions in funding for screening services, only screening of individuals with Medicaid or another private source of funding qualify for the test.

The Montana Department Public of Health and Human Services and Montana CLPP recognize that local health care providers are the most conscious of health care needs and resources in their communities. Grant funds continue to allow for surveillance of CLPP activities but have also reduced the number of contractual relationships with communities/regions from 10 to 4 and have also reduced the funding available to each community. After June 30, 2002, Centers for Disease Control (CDC) grant funding of activities will cease and only locally-funded projects and State surveillance (data collection) will continue.

LEAD-BASED PAINT REGULATIONS, TITLE X, SECTION 1012/1013

A Lead-Based Paint Task Force, was developed in the spring of 2000 to address the issues surrounding the new Department of Housing and Urban Development (HUD) lead-based paint regulations for pre-1978 homes, known as Title X, Section 1012/1013, that went into effect on September 15, 2000. The Task Force initially identified a lack of capacity of certified personnel in the State to meet the new lead-based paint regulations as its number one priority.

The Task Force, in a cooperative effort with the Montana State University Extension Service, hosted two HUD/EPA approved lead-based paint certification training sessions, through the University of North Dakota (UND), in August and November 2000. UND is one of only two trainers certified to train in Montana. The primarily rural nature of Montana creates vast areas where certified personnel are either unavailable or too costly to perform lead-based paint activities.

Lead-Based Paint Regulation Compliance Capacity in Montana (September 2001)

Table 7 – LEAD-BASED PAINT REGULATION COMPLIANCE CAPACITY						
Type of Assistance	Notification	Visual Inspection	Risk Assessment	Clearance	Interim Controls	Abatement
Housing Rehabilitation	Yes	Yes	No	No	No	No
Rental Assistance	Yes	Yes	No	No	No	No
Homebuyer's Downpayment Assistance	Yes	Yes	No	No	No	No
Acquisition	Yes	Yes	No	No	No	No

Montana has made progress toward securing certified Inspectors, Risk Assessors, Supervisors and Workers; however, none of the programs in Montana is fully prepared to meet lead-based paint compliance regulations. While the State does have several individual contractors and a few companies certified to perform LBP activities within the State, the construction industry and the persons involved in construction are constantly

changing. The need for in-state LBP training is essential if HUD expects Montana to continue its commitment to meet federally imposed LBP regulations.

ACTIONS FOR THE PLAN YEAR

No single approach or unique priority fits all regions of Montana equally well. Acceptably addressing the range of severe needs, while allocating resources equitably, makes for a complicated housing and community development policy agenda. Nevertheless, Montana is committed to moving forward with a concrete set of objectives during the Plan year that will:

- Address obstacles to meeting underserved needs: See narrative on Tri-State HELP on page 24; *Efforts to Further Native American Housing Opportunities* starting on page 26; the Montana Continuum of Care on page 29; and Homeownership for People with Disabilities on page 36.
- Foster and maintain affordable housing (including the coordination of Low Income Housing Tax Credits with the development of affordable housing): See discussion on the Housing Working Group and Housing Coordinating Team on page 3; the Montana Continuum of Care, Home Choice Coalition and Tri-State HELP on page 4; *Montana Board of Housing Programs* starting on page 12; *Efforts to Further Native American Housing Opportunities* starting on page 26; and use of LIHTC on tribal land on page 27.
- Remove barriers to affordable housing: See the Program Objectives for Housing, A-1 through A-18 on pages 39 through 40, and for Homelessness, B-1 through B-6 on page 40.
- Evaluate and reduce lead-based paint hazards: See *Addressing Lead Based Paint Hazards* on page 36.
- Reduce the number of poverty level families: See *Program Objectives* for Economic Development, C-1, C-7, C-8 and C-10, on pages 40 and 41.
- Develop institutional structure: See discussion on the Housing Working Group and Housing Coordinating Team on page 3; and the Montana Continuum of Care, Home Choice Coalition and Tri-State HELP on page 4.
- Enhance coordination between public and private housing and social service agencies and foster public housing resident initiatives: The State does not have a public housing authority. Public housing authorities are set up under state law at the local level to better meet the needs of the local community. However, the MDOC is committed to improving coordination between public and private entities serving low- and very low-income households. See the discussion on the Housing Working Group and Housing Coordinating Team on page 3; and the Montana Continuum of Care, Home Choice Coalition and Tri-State HELP on page 4.

PROGRAM OBJECTIVES

Housing

- A-1. Relieve the shortage of available housing stock;
- A-2. Increase the stock of affordable rental units, especially assisted units;
- A-3. Promote resources available to build affordable housing units;
- A-4. Increase ability of low- and moderate-income households to buy homes;
- A-5. Increase resources to finance housing maintenance and improvements;
- A-6. Simplify housing assistance programs;
- A-7. Increase energy efficiency in Montana's housing stock;
- A-8. Increase assisted living housing for the elderly and physically and mentally disabled;
- A-9. Increase group living and homeownership opportunities for persons with severe and disabling mental illness (SDMI) and other disabilities;
- A-10. Decrease housing environmental hazards, such as lead-based paint, asbestos, or black mold;
- A-11. Allow local communities to identify their own needs and develop their own initiatives;
- A-12. Continue the ability of the MDOC to provide technical assistance;
- A-13. Increase awareness of housing needs for minority and "special needs" populations and assist in building local capacity to meet those needs;
- A-14. Increase the supply of affordable rental units and homes for purchase;
- A-15. Continue to encourage homeownership training at the local level;

Table 8 – MONTANA HOUSING PRIORITY NEEDS SUMMARY STATE OF MONTANA - FIVE YEAR PLAN 2001 – 2005 ¹³ HOUSEHOLDS			
Tenure	Household Type	MFI Range	Priority Level H,M,L,None
Renter	Small Related	0-30%	H
		31-50%	H
		51-80%	M
	Large Related	0-30%	H
		31-50%	H
		51-80%	M
	Elderly	0-30%	H
		31-50%	H
		51-80%	M
	All Other	0-30%	H
		31-50%	H
		51-80%	M
Owner		0-30%	H
		31-50%	H
		51-80%	H
	Special Populations		0-80% H
Total Goals			

¹³ The State has determined these priorities at the statewide level. It is up to each locality to determine its own area(s) of highest need.

- A-16. Increase awareness of and monitor the level of predatory lending practices;
- A-17. Affirmatively further fair housing: implement actions identified in the Analysis of Impediments to Fair Housing; and
- A-18. Evaluate applications from eligible participants based on the identified needs of the community, which may include a combination of job training or other welfare reform goals, along with housing goals.

Homelessness

- B-1. Secure available resources for persons requiring supportive and transitional services;
- B-2. Assist persons requiring supportive and transitional services to achieve permanent housing;
- B-3. Assist in meeting the supportive services needs for the homeless;
- B-4. Assist in increasing capacity and counseling services for runaway youth;
- B-5. Assist in securing stable funding sources for existing homeless facilities and services; and
- B-6. Continue to support the statewide continuum of care strategy to ensure emergency, transitional, and permanent housing.

Economic Development

- C-1. Increase viable economic development projects that promote investment of private capital, expansion of local tax bases, and creation of permanent year-round jobs principally for low- and moderate-income Montanans;
- C-2. Increase economic activity which adds value to a product through manufacturing, refining, processing or packaging, especially those activities that involve Montana's natural resources;
- C-3. Increase economic activity which creates new wealth in Montana by selling the majority of its products outside of Montana, by effectively substituting goods previously produced outside of Montana with goods produced in Montana, or by distributing Montana-made goods;
- C-4. Increase service companies such as consulting, engineering, or other companies that sell their services predominantly (greater than 50%) outside of Montana;
- C-5. Allow local communities to identify their own needs and develop their own initiatives;
- C-6. Assist businesses and communities in achieving prosperity through various state and federal programs;
- C-7. Assist new and expanding businesses with employee training needs through customized labor training grant funding;
- C-8. Assist micro-enterprise development through technical assistance grant funding;

Table 9 – NON-HOUSING COMMUNITY DEVELOPMENT PRIORITY NEEDS SUMMARY STATE OF MONTANA - FIVE YEAR PLAN 2001 – 2005 ¹⁴			
PRIORITY COMMUNITY DEVELOPMENT NEEDS	PRIORITY NEED LEVEL High, Medium, Low, No Such Need	ESTIMATED DOLLARS NEEDED TO ADDRESS (IN MILLIONS)	ANTICIPATED DOLLARS AVAILABLE TO ADDRESS IN FISCAL 1996 (IN MILLIONS)
INFRASTRUCTURE IMPROVEMENT	H	\$1,612	
Solid Waste Disposal Improvements	H		
Waste Water Needs	H		
Water System Improvements	H		
Other Infrastructure	M		
PUBLIC SERVICE NEEDS	M		
PLANNING	M		
OTHER COMMUNITY DEVELOPMENT NEEDS	M	\$1,045	
Lead Based Paint/Hazards	M		
ECONOMIC DEVELOPMENT NEEDS	H	\$2,619	
TOTAL PRIORITY NON-HOUSING COMMUNITY DEVELOPMENT NEEDS	M	\$5,276	\$6.5

C-9. Assist communities and small businesses participating in the state rural outreach program for Small Business Innovation Research/Small Business Technology Transfer programs; and

C-10. Place a high consideration on funding companies that create jobs that pay at least \$11.81 per hour in salary or salary plus benefits.

Infrastructures and Public Facilities

D-1. Provide Planning Grants necessary to get a project under way, or to conduct other important community planning activities such as preparing or updating a comprehensive plan or growth policy, preparing a neighborhood redevelopment plan, a comprehensive plan or growth policy, capital improvement plan, or similar planning processes needed to help a community address critical needs. The preparation or updating of community comprehensive plans or growth policies must be consistent with the requirements of Senate Bill 97, passed by the 1999 Montana Legislature.

D-2. Continue to provide technical assistance to communities; and

D-3. Fully award all CDBG public facility funds.

Location, Growth and Provision of Infrastructure to Serve Affordable Housing

Decisions as to where new housing growth will occur, whether occurring within the boundaries of our incorporated cities and towns or in outlying areas, have a great influence on the ability of Montana's local governments to provide infrastructure for and related services to new developments. One of the goals of the Montana Consolidated

¹⁴ The State has determined these priorities at the statewide level. It is up to each locality to determine its own area(s) of highest need.

Plan is to analyze this aspect of housing affordability. A study was conducted to look at where new housing growth is taking place in Montana. This information was analyzed to determine what effect housing location has on Montana's' goals to provide affordable housing.¹⁵

The availability of an adequate infrastructure system is crucial to the success of efforts to provide affordable housing and livable communities for all Montanans. The need to provide safe drinking water, to treat wastewater, to accommodate storm water runoff, to construct streets and sidewalks, and to provide all the other components of public works must be available to make a community livable, as well as affordable. The extent to which the cost of this infrastructure must be borne, either directly or indirectly, by a homebuyer rather than by the community at large plays a significant role in determining the sale price of a home.

State law provides encouragement for Montana local governments to develop policies related to community growth. The 1999 Montana Legislature updated an old tool for community development and land use planning – the comprehensive plan or master plan. Counties, cities, and towns have been authorized to adopt master plans, but under the new law, these plans (now termed “growth policies”) must meet certain minimum requirements. The specific requirements for community growth policies are set forth in section 76-1-601 of the Montana Code Annotated. One of the key elements is the preparation of a strategy for development, maintenance, and replacement of public infrastructure.

One factor complicating the provision of infrastructure is many Montanans have chosen to build homes outside of the boundaries of incorporated cities and

Table 10 – LOCATION OF GROWTH					
GEOGRAPHIC AREA	1970	1980	1990	2000	% Change 1970-2000
Incorporated Cities & Towns	427,850	437,273	453,884	484,384	13%
Unincorporated Areas	266,559	349,417	345,181	417,811	57%
Total Montana	694,409	786,690	799,065	902,195	30%
Montana population reported by U.S. Census Bureau					

towns, which have historically supplied the infrastructure and accompanying services for new homes built within the State. Increasingly, for a variety of reasons, in many counties, most new housing is located in unincorporated areas outside city limits and towns. In many cases, the only vacant, developable lots available at an affordable price are located in outlying, unincorporated areas. County governments and special districts have now been thrust into new roles dealing with providing infrastructure for residential development that were earlier reserved for cities and towns, with all the accompanying financial challenges that go along with paying for and maintaining the necessary public works.

How will this trend of new residential growth in unincorporated areas affect the ability to provide a wide variety of housing at an affordable price for all Montanans? The cost of infrastructure can add up to one-third of the purchase price of a home building site or lot. In some cases, when development occurs in outlying areas where land is initially cheaper and little community infrastructure is provided, homebuyers end up paying

¹⁵ Contact the CDBG Program at (406) 841-2770 to obtain a complete copy of the study.

much higher transportation and commuting costs that end up, in effect, being hidden as a long-term housing cost, in addition to the on-going, monthly mortgage payment.

Communities that attempt to provide the infrastructure for new residences contiguous to existing development or that seek to encourage the “in-fill” of existing, vacant lots, in many cases are faced with the financial challenge of replacing aging infrastructure or sharing in the costs with developers to attempt to keep housing prices affordable.

PROGRAM SPECIFIC REQUIREMENTS

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Montana administers nonentitlement (communities under 50,000 population) Community Development Block Grant (CDBG) funds through the Community Development and Business Resources Divisions of the MDOC. The CDBG program was established by the Federal Housing and Community Development Act of 1974 and has been administered by the Montana Department of Commerce since 1982. The CDBG program is a federally funded competitive grant program designed to help communities of less than 50,000 population with their greatest community development needs. Eligible applicants are limited to general-purpose local governments. All projects must principally benefit low- and moderate-income persons.

The primary objective of the CDBG program is to develop viable communities by providing decent housing and a suitable living environment, and by expanding economic opportunities for persons of low- and moderate-income. Seventy percent of the funds must be used for activities that benefit low- and moderate-income persons.

The basic categories for local community development projects are housing, public facilities, and economic development. Some of the activities that can be carried out with CDBG funds include the acquisition of real property; rehabilitation of residential and nonresidential properties (including special facilities for the handicapped); construction of new, affordable housing (when sponsored by a nonprofit organization); provision of public facilities and improvements such as water, sewer, or solid waste facilities or senior citizen centers; and assistance to for-profit businesses to promote economic development activities that will result in the creation or retention of jobs.

The total amount of CDBG funds requested by an applicant must not exceed the following ceilings:

<u>Type of Grant</u>	<u>Ceiling</u>
Housing	\$ 500,000
Public Facilities	\$ 500,000
Planning (Public Facilities & Housing)	\$ 20,000
Economic Development	\$ 400,000

Applicants should apply only for the level of funding necessary to carry out the project. Grant requests must be sufficient either by themselves, or in combination with other

proposed funding sources to complete the proposed activities within 24 months from the date of the announcement of grant award by the Department. There are no minimum amounts required for CDBG requests, although requests under \$100,000 generally are not cost effective due to the administrative requirements that accompany the program.

Type of Grant

Public Facilities—FFY 2003
Public Facilities—FFY 2004
Housing—FFY 2004
Planning Grants
Economic Development

Deadline

January 10, 2003
May 23, 2003
October 17, 2003
April 25, 2003
Open Cycle

Applications must be delivered or postmarked on or before the deadline date. Applications for Economic Development assistance can be made at any time.

Ranking Criteria

Housing

Housing applications will be evaluated according to the following criteria and may be assigned up to a maximum of 800 points, based on the following ranking criteria:

1.	Community Planning & Needs Assessment	125 Points
2.	Need for Project	100 Points
3.	Project Strategy and Community Efforts	200 Points
4.	Benefit to Low- and Moderate-income	150 Points
5.	Need for Financial Assistance	100 Points
6.	Implementation and Management	<u>125 Points</u>
TOTAL:		800 Points

Funds are awarded to the top-ranked applications until all funds are awarded. The minimum number of points for a housing application to be considered for funding is 550. Applicants not funded are encouraged to seek technical assistance from the program and to re-apply during the next funding cycle.

Public Facilities

Public facility applications will be evaluated according to the following criteria and may be assigned up to a maximum of 800 points:

1.	Community Planning & Needs Assessment	125 Points
2.	Need for Project	125 Points
3.	Project Concept and Technical Design	100 Points
4.	Community Efforts	75 Points
5.	Need for Financial Assistance	150 Points
6.	Benefit to Low- and Moderate-income	100 Points
7.	Implementation and Management	<u>125 Points</u>
TOTAL:		800 Points

Funds are awarded to the top-ranked applications until all funds are awarded. The minimum number of points for a public facilities application to be considered for funding is 450. Applicants not funded are encouraged to seek technical assistance from the program and to re-apply during the next funding cycle.

Economic Development

For-profit businesses applying to the CDBG program under the sponsorship of a local government must meet certain thresholds to be considered for funding. These are listed in the Application Guidelines of the CDBG ED Program. In addition, the community and business must demonstrate the following:

1. All thresholds are met or exceeded;
2. Management capacity;
3. Realistic historical and projected financial earnings;
4. Adequate security;
5. A sound, well-reasoned proposal;
6. Firm commitment of funds from private or public sector lenders;
7. Readiness to proceed;
8. The project will support itself over time;
9. The level of CDBG assistance is appropriate in relation to the public benefit expected from the project;
10. Meets a State of Montana economic development objective; and
11. The applicant has considered the quality of the job and the wage it pays. The loan review committee will place greater weight on job quality and wages paid when evaluating CDBG projects for funding.

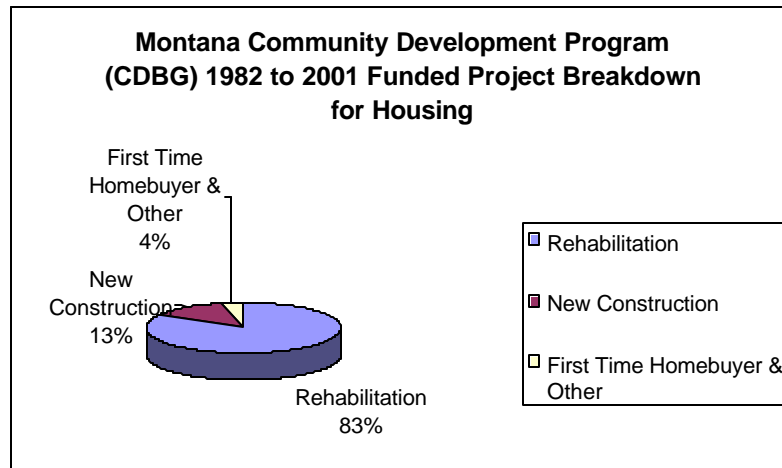
Funds are awarded on a first-come, first-served basis, if the thresholds and underwriting criteria are met, until the funds run out.

CDBG Program Categories

Housing Projects

For housing, CDBG funds are most often used to make low or no-interest loans or grants to low- and moderate-income families to allow them to rehabilitate homes in substandard condition. In light of increasing energy costs, communities are encouraged to use CDBG funds to undertake energy conservation for housing owned or occupied by low- or

moderate-income households. CDBG funds can also be used to finance or subsidize the construction of new permanent residential units where the CDBG funds will be used by a local nonprofit organization. Housing projects can include site improvements to publicly owned land or land owned by a nonprofit organization to be used for new housing.



Transitional (temporary) housing is eligible under the housing category. The acquisition of sites for new housing and conversion of existing nonresidential structures for residential use are also eligible CDBG housing activities.

Over the past 20 years, CDBG has funded about 84 housing projects that equal more than \$28 million in CDBG funds alone.

Public Facility Projects

For public facility projects, CDBG funds have been used to upgrade or undertake the new construction of dozens of community water and sewer systems and other public facilities. During the last several years, communities have also utilized the CDBG program to construct or rehabilitate senior citizen centers, centers for abused or runaway youth, Head Start centers, and public nursing home facilities and hospitals in rural communities.

Economic Development Projects

For economic development, Montana's CDBG program is designed to stimulate economic development activity by assisting the private sector, in order to create or retain jobs for low- and moderate-income persons. CDBG funds are intended to be used in situations where a funding gap exists or alternative sources of public and private financing are not adequate. These funds are intended to complement conventional business financing and those of other federal programs such as the Economic

Development Administration (EDA) and Small Business Administration (SBA). The program is also encouraged to complement the Montana Department of Commerce programs for business assistance administered by the Business Resources Division, such as the Regional Development program and the state Micro Business Finance Program, as well as programs administered by the Montana Board of Investments.

The CDBG economic development program is designed to assist businesses by making appropriate long-term, fixed-rate financing available to them at reasonable interest rates with flexible terms. Typical eligible activities that fall within the CDBG economic development category include: land acquisition; public facilities, infrastructure, and other improvements in support of economic development, such as water and sewer lines, sidewalks, and access roads; loans for acquisition, construction, rehabilitation, or installation of commercial and industrial buildings, facilities, equipment, or working capital; employee training; and grants or loans from communities to nonprofit entities.

Monitoring

CDBG projects will be monitored on-site during the Plan Year. A basic requirement of the Montana CDBG program - Housing, Public Facilities and Economic Development is that each project will be monitored by State program staff at least once. CDBG operates under a comprehensive monitoring system, meaning that all elements of the local CDBG project are reviewed in up to eleven different areas. Within each of these areas, staff completes an extensive checklist whereby each project element is reviewed for compliance with HUD and State program requirements. Following the monitoring visit, staff issues a formal letter to the chief elected official of the local government reporting on the monitoring visit, noting any "Concerns," "Questions of Performance," or "Findings", as may be applicable. Local governments are asked to respond promptly regarding any questions of performance or findings.

For CDBG economic development projects, the method of project monitoring has been modified over the years in response to the many nonprofit community development organizations that are managing CDBG economic development loan funds for one or more local governments. More emphasis is placed on loan documentation and financial evaluation procedures, requiring more technical assistance from the state and other federal partners. A revolving loan fund (RLF) checklist has been developed for CDBG economic development projects that have received loan repayments. Loan fund managers can also use it as a reference guide. In addition, when appropriate, CDBG economic development projects may be monitored in areas only where performance problems are anticipated.

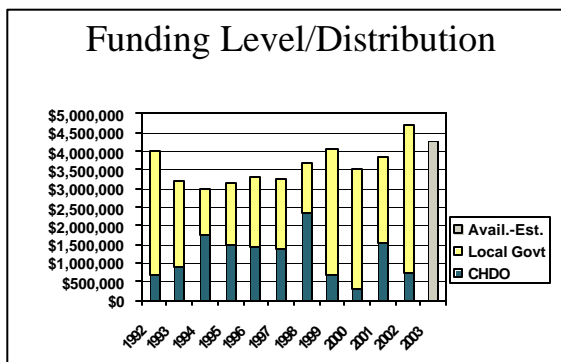
HOME INVESTMENT PARTNERSHIPS PROGRAM

The HOME Program, administered by the Housing Division, expands the supply of decent, safe, affordable housing for low- and very low-income Montana families.

The program allows a wide range of eligible activities, including tenant-based rental assistance (TBRA); assistance to homebuyers (down payment and closing costs);

property acquisition; new construction; reconstruction, relocation, and moderate or substantial rehabilitation; site improvements; and other activities to develop non-luxury housing.

All cities (excluding the entitlement cities of Billings and Great Falls), urban counties, contiguous units of local government, housing authorities, and Community Housing Development Organizations (CHDOs) are eligible to apply for HOME funds under the program. A formula allocation of federal funds is distributed to each state and entitlement city. Fifteen percent of the funds are set aside for programs owned, developed, or sponsored by CHDOs. All HOME funds must assist families below 80 percent of the median income and are distributed on a competitive basis.



HOME Application Deadline:

March 31, 2003

HOME Award Date:

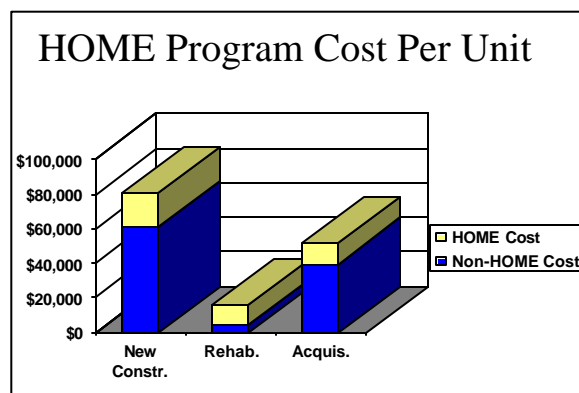
May 19, 2003

HOME Administration Workshop (Tentative):

June 10-11, 2003

The competitive application process helps to ensure that the funds are awarded to those programs providing the best response to local housing needs and that are consistent with the State's Consolidated Plan and the HOME Program requirements.

To assure that applications are evaluated consistently and fairly, all projects are evaluated against ranking criteria set forth in the Application Guidelines published each year. A project can score a maximum of 600 total points. A project must achieve a minimum score of 300 points in order to be funded.



A. Financial Management

200 Points

B. Program Management

100 Points

C. Project Planning

100 Points

D. Capacity Determination

200 Points

Total Possible

600 Points

Funds are awarded to the top-ranked CHDO applications receiving a score of at least 300 points until the required 15% set-aside requirement is met. The balance of the funds is awarded to the remaining top-ranked projects achieving the minimum score, including any CHDOs not funded by the set-aside, until all funds are allocated. If all

funds are not awarded due to insufficient applications meeting the minimum funding threshold, the remaining funds will be awarded through a second round of competition or retained and allocated in the next funding cycle.

Match Requirement

Required contributions, or “match,” for grantee applicants ranges from 5 percent to the federally mandated 25 percent of non-administrative HOME funds expended. Any balance of the match requirement is provided by MDOC funds and/or utilizing previous years’ excess match. The matching funds must be used for HOME assisted or HOME qualifying projects.

As a rule, investment from State/local government or private sources will be eligible to qualify as a matching contribution. Eligible sources of match include: cash; the value of foregone interest, taxes, fees or charges by both public and private entities; value of donated land or real property; investments in on- or off-site improvements; bond financing; donated construction materials and voluntary labor. Federal funds (including CDBG funds) and owner financing/equity are ineligible match sources.

Period of Affordability

Period of affordability refers to the length of time HOME assisted units must remain affordable. Deed restrictions, covenants running with the land or other approved mechanisms will ensure the period of affordability, depending on the amount of HOME dollars invested per unit in the project. After the required affordability period, the property may be sold without HOME restrictions. **Table 5** outlines the affordability periods.

Table 11 – HOME PROGRAM PERIOD OF AFFORDABILITY				
Activity	Years of Affordability			
	5	10	15	20
New Construction or Acquisition of Newly Constructed Rental Housing (any \$ amount)				X
Rehabilitation or Acquisition of Existing Housing, with HOME funds invested per unit as follows:				
Under \$15,000	X			
\$15,000 to \$40,000		X		
Over \$40,000 or Rehabilitation involving Refinancing (Rental Housing Only)			X	
Homeowner Rehabilitation	No period of affordability (placement of restrictions on sale or rental of rehabilitated property are appropriate, and recommended)			

Guidelines for Recapture or Resale

Based on the amount of HOME dollars invested, homebuyer assistance programs are subject to a period of affordability. In addition, sale of the property by the homebuyer

during the period of affordability is subject to one of two options: resale restrictions or a possible recapture of the HOME subsidy.

The **Resale** provision provides for the initial property to remain affordable for the period of affordability. The subsequent purchaser must be low-income and occupy the property as their principal residence. The seller of the initial property will receive a fair return on his investment, but the unit must also be “affordable” to the purchaser. This can be accomplished with a deed restriction with the right of first refusal or purchase.

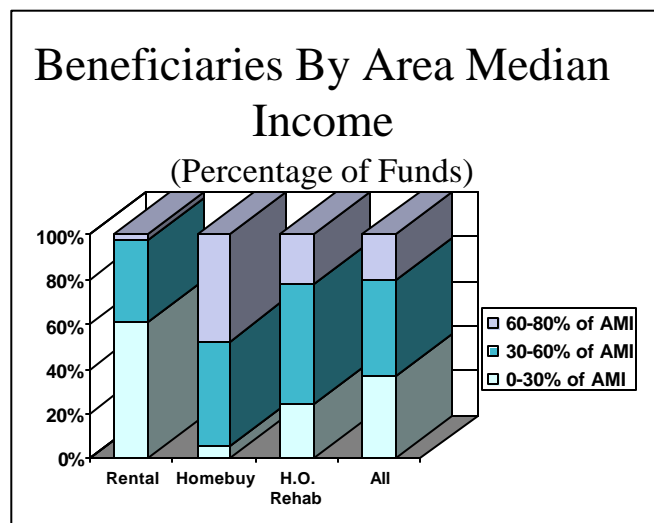
The HOME investment subject to **Recapture** is based on the amount of HOME assistance provided and the affordability period on which it is based. Repayment of HOME proceeds at transfer of the property must be reinvested to assist another homebuyer to obtain a home. The purchaser must also be a low-income household and occupy the property as a principal residence.

There are three acceptable methods of recapture:

1. Recapture the entire amount of the HOME investment, except that the amount may be reduced pro-rata based on the time the homeowner has owned and occupied the unit measured against the required affordability period.
2. The net proceeds may be divided proportionally if the funds are not sufficient to recapture the full HOME investment plus enable the homeowner to recover a portion of his or her investment.
3. If agreed upon, the program may allow the homeowner to recover all of his investment before recapturing the HOME investment.

Monitoring

All HOME projects will be monitored on-site. Monitoring includes determining compliance with housing codes and applicable regulations, assessment of affirmative marketing actions, outreach to minority and women owned businesses, and data on the amount and use of program income or CHDO proceeds, as applicable, for projects, including the number of projects and owner and tenant characteristics. The Program Officer will specifically check soft costs and project costs of HOME funds drawn on a minimum of 15 percent of the drawdown requests. HOME Program staff will also verify annual Income and Affordability certifications.



The HOME Program will monitor all projects completed during the program year in a timely manner. On-site visits of rental units are conducted based on the number of project units and a period of affordability. On-site visits of TBRA units are performed each year. HOME staff will also verify Program Income or CHDO Proceeds reports during on-site visits.

EMERGENCY SHELTER GRANT PROGRAM

Emergency Shelter Grants (ESG), administered by the Intergovernmental Human Services Bureau, are to help improve the quality of existing emergency shelters for the homeless, make available additional shelters, meet the costs of operating shelters, and provide essential social services to help prevent homelessness. The grants are 100 percent funded by the U.S. Department of Housing and Urban Development. The 10 Regional Human Resource Development Councils (HRDCs) receive 95 percent of the grant funds. The Montana Department of Public Health & Human Services retains the remaining 5 percent for administrative costs. The grants fund the renovation, rehabilitation, or operating costs of homeless shelters, and the provision of follow-up and long-term services to help homeless persons escape poverty. Shelters assisted and services delivered are determined by the regional HRDCs.

The Montana Emergency Shelter program distributes funds based upon a formula allocation. The amount of funds allocated is determined on the basis of poverty and general population in each service area, relative to the poverty and general population of the entire state. Funds are distributed to each Human Resource Development Council. All HRDCs will submit work plans, budgets, and reports outlining which of the allowable activities will be undertaken. The work plans must include how matching funds will be realized, and a certification of local approval verifying that budgets and work plans have been reviewed and approved by a representative of the respective jurisdiction. Each HRDC matches 100 percent of the funds received from ESG with local resources, primarily United Way funding and volunteer labor.

ESG funds provide medical services to homeless individuals and families, pay for hotel/motel rooms for homeless individuals, pay rent or mortgages for homeless families, and provide support groups, individual counseling, referral, advocacy, and transport to homeless persons. Shelters use funds to pay rent or mortgages, pay utilities, buy furnishings, and pay for maintenance and operational costs of their facilities. ESG funds also pay security deposits on rent or utilities (or first month's rent) to enable homeless families to move into their own dwellings. The Department has elected to allocate its funding to the ten nonprofit HRDCs across the State.

Monitoring

ESG funds will be distributed to each Human Resource Development Council in Montana. The HRDCs submit annual work plans, budgets, and reports outlining which allowable activities will be undertaken. The Department of Public Health and Human Services enters into a contract with each HRDC. ESG staff monitors each HRDC onsite

annually, following the work plan submitted and expenditures made to determine contract compliance.

SUMMARY OF CITIZEN PARTICIPATION

(for Plan Year April 1, 2003 – March 31, 2004)

The citizen participation process of updating the Consolidated Plan (CP) allows the public an opportunity to play an active role in how the State of Montana administers the HUD programs. The following recap of the public review process follows the Citizen Participation Plan dated April 2002, which covers the planning for the year beginning April 1, 2003.

The Montana Consolidated Plan Steering Committee and the Montana Department of Commerce utilize several options to encourage citizen participation in the preparation and review of the Montana Consolidated Plan, Annual Action Plan:

- Sending invitation letters, including an Executive Summary of the Annual Action Plan for public review, to a 800-plus member Consolidated Plan mailing list, which consists of individual citizens, local governments, public agencies, various interested nonprofit organizations, and elected officials;
- Posting the citizen participation plan, and dates, times and locations of public meetings on the MDOC Housing website at:

http://commerce.state.mt.us/Housing/Hous_Home.html

- Posting the draft Annual Action Plan on the MDOC Housing website;
- Posting Consolidated Plan supporting documents on the MDOC Housing website;
- Printing and providing hard copies of the Annual Action Plan;
- Making hard copies of the Annual Action Plan and Consolidated Plan supporting documents available to the Montana State Library, which enters them into the online Montana State Library catalog and distributes the hard copies to its participating depository libraries across Montana;
- Conducting community meetings at differing times and in various locations across the State to encourage participation;
- Recruiting assistance from program applicants and recipients at the local level to encouraging participation from low- and moderate-income persons in the planning process;
- Placing display advertisements in local newspapers in the communities hosting the public meetings and in the newspaper of surrounding communities;
- Running public service announcements on local radio and/or television for public meetings;
- Posting meeting information on the *Discovering Montana* Calendar of Events for the Department of Commerce at:

<http://app.discoveringmontana.com/webapps/cal/event>

- Attending meetings and conference sponsored by statewide organization such as the Montana Association of Counties to provide information about the Consolidated Plan and to encourage participation in the public meetings;
- Advertising the meetings through the list serve for the Montana Economic Developers Association (MEDA); and
- Sending personal letters to local citizens, public officials, and local organizations inviting them to the public meetings in their area.

PUBLIC INPUT MEETINGS

In the spring, an informational letter was sent to the Consolidated Plan mailing list inviting individuals, agencies, and organizations to participate in the preparation of the Montana Annual Action Plan for the year beginning April 1, 2003. Display advertisements were placed in newspapers in the host communities and surrounding communities asking for public comment, giving dates and locations of upcoming public input meetings. In addition, letters were sent to librarians statewide requesting that they post notices in the library requesting the public to comment the Annual Action Plan.

Hamilton, Havre and Miles City

During April and May 2002, three community input meetings were held: – Hamilton, located in southwestern Montana, on April 16, 2002; Havre, located in the north-central portion of the State, on April 24, 2002; and Miles City, eastern Montana, on May 7, 2002. The meetings were held during the lunch hour, with a free lunch provided, in conjunction with the HOME, CDBG, Board of Housing, and Rural Development annual housing application workshops, to encourage more participation in the planning process.

Turnout at the public meetings was excellent with more than 30 attendees in Hamilton; 25 in Havre; and 23 in Miles City. Representatives from HOME, CDBG, Section 8, Rural Development, and the Montana Board of Housing were present to answer questions and respond to public comments.

PUBLIC REVIEW MEETINGS

The draft Annual Action Plan (AAP) was released to the public in October 2002 announcing a public comment period through December 16, 2002. A packet, including an Executive Summary of the AAP, was sent to the 800-plus member Consolidated Plan mailing list. Display advertisements were placed in key newspapers announcing: the draft Annual Action Plan comment period, the document website address, where to obtain hard copies of the document, where to send written comments, and the date and locations of the local, on-site meetings.

Billings and Boulder

Two community public review meetings were held: one in Billings and one in Boulder. The Billings review meeting was held on October 10 from 7:15 to 8:45 a.m. Held in conjunction with the 2002 Statewide Housing Conference, the meeting was combined with hearings for several Department of Commerce programs, including the Statewide PHA Plan, the Low Income Housing Tax Credit's draft Qualified Allocation Plan (QAP) for 2003, and proposed HOME Program changes. The Boulder meeting was held from 7:00 to 8:30 p.m. at the local high school on October 22. Display advertisements for both meetings were placed in the local newspapers, and public announcements ran on the local radio and/or television stations. Personal invitation letters were sent to local officials, public agencies, and interested citizens in each area.

As with the input meetings, turnout at the public review meetings was excellent with 30 attendees in Billings and nine in Boulder. Representatives from HOME, CDBG, Section 8, and the Montana Board of Housing were present to answer questions and respond to public comments. The comments concerning the combined meetings/hearings for the various programs at the Billings meeting were very positive, and the MDOC will likely continue to use this format for future meetings.

PUBLIC COMMENTS

Most of the comments and questions received at all the meetings involved MDOC programs and the proposed HOME Program changes. Copies of audio tapes, transcripts and/or notes of the public input and review meetings are on file with the Montana Department of Commerce, Housing Division, 301 South Park Avenue, P.O. Box 200545, Helena, Montana 59620. A recap of the comments concerning the HOME Program at the public meetings follows.

HOME Program Changes

1. Change Of Application Deadline

The HOME program proposes to move the application deadline forward to March 3, 2003. The HOME program year begins April 1 and ends March 31 of each year. The HUD allocation is generally available by April 30. The program is under a federally restricted timeline to have funds committed and spent within 24 months of the start of the program year. For HUD's purposes this means set-up and drawn down in the Integrated Disbursement and Information System (IDIS). This past year the HOME program had to justify to HUD, through contracts with our grantees, that the funds were committed within the 24-month periods. We could not prove, however, that funds had been spent within the 24-month period.

Moving the application deadline forward will eliminate the several month delay in awarding grants and executing contracts. This will also allow grantees additional time to fulfill the Release of Funds contractual obligations. With Release of Funds

occurring earlier, architect and contractor selection will assuredly be in place at the start of Montana's construction season.

Comment: *The HOME program received excellent comments at the public review meetings and numerous written comments regarding the application deadline. Many were non-specific with respect to an actual date but did provide excellent views regarding the timeframe of development, planning, commitment, and construction aspects of different activities. A large number of the written comments requested the HOME program to consider a March 31 deadline. Since the majority of the letters specifically stated this date, the HOME program agreed and has set the 2003 application deadline date for the last day of March.*

Response: *The 2003 HOME program application deadline will be March 31, 2003. A new HOME program year begins each April 1 and ends March 31 of the following year. The HUD allocation is generally available by April 30. Moving the application deadline to the end of March allows the HOME program and grantees greater ability to commit and spend funds within 24 months of the beginning of the program year.*

2. Program Income/CHDO Proceeds

Currently the HOME program does not report Program Income/CHDO proceeds within the HUD based Integrated Disbursement and Information System (IDIS). Based on HOME regulation §92.503, Montana state recipients may retain program income/CHDO proceeds at the local level and use it for HOME eligible housing activities. It is clear from the information received that some grantees neither understand nor follow the regulatory requirements associated with HOME program income. HUD has notified the State HOME program that program income/CHDO proceeds must be reported and tracked within the IDIS system.

The HOME program requires reporting on a quarterly basis. The HOME program will require program income/CHDO proceeds be returned to the State. Entities that have a viable, workable process to receive, spend, and track program income may continue managing their own program income/CHDO proceeds. The HOME program will determine the completeness and appropriateness of grantee Program Income/CHDO Proceeds Plans.

Comment: *The HOME program received a few comments regarding program income/CHDO proceeds. In general, the comments received supported the State's position on program income/CHDO proceeds. One commenter expressed a concern that applicants be encouraged to work with existing entities that have a track record of recording and reporting program income if they are unable to do so in their own right, thereby giving the opportunity for monies to be recycled into the same community. One commenter requested an annual report rather than quarterly reports while another commenter asked that CHDO proceeds be allowed for pre-development costs.*

Response: *The HOME program has struggled with the issue of program income/CHDO proceeds for several years, realizing the obvious advantage of allowing communities to keep program income/CHDO proceeds within the geographic area from which it was derived. Past grantees have reported over \$700,000 of program income/CHDO proceeds in various locations around the State.*

Program income/CHDO proceeds are intended to further affordable housing in Montana. Unfortunately, some grantees do not understand or follow the regulatory requirements associated with these funds. Those that do not or inadvertently misappropriate the funds will be required to return them to the HOME program. Other grantees that have a viable workable process to receive, spend, and track program income may continue managing the funds following an approved Program Income/CHDO Proceeds Plan.

The HOME program required annual reports for several years with a mixed response on the part of grantees. The decision to require quarterly reports will continue for at least a year at which time a decision will be made to continue on a quarterly basis or revert to an annual report system.

All use of program income/CHDO proceeds must be expended in a timely manner following a pre-approved Plan. Grantees with unusual circumstances may request an amendment to a pre-approved Plan with supporting justification.

3. Developer Fee for CHDOs

HOME-certified Community Housing Development Organizations (CHDOs) were created to own, sponsor, and develop affordable housing. The developer's fee is a legitimate source of funding, which will aid the nonprofit's ability to grow and develop affordable housing and continue the organization's operating capacity.

The Montana HOME Program proposes to allow CHDOs, applying for a CHDO-eligible activity, to receive a "developer fee" as part of a project's soft cost. The amount will depend upon the complexities of the project and other funding sources. For example, projects receiving Low Income Housing Tax Credits (LIHTC) already have access to a developer fee; HOME funds will not duplicate or supplement other sources of funding.

Comment: *There were several responses regarding developer fees. All commenters endorsed the proposed change to include some type of development fee for CHDOs. Many expressed the view that developer fees would aid in helping to build capacity for a CHDO. One commenter requested that local governments be allowed the same type of fees. As part of the reason for the request, the commenter stated that in most cases nonprofits work hand-in-hand with local governments.*

Response: The HOME program made the decision to allow development fees to CHDOs on a trial basis for program year ending in 2004. The HOME Guidelines for fiscal year 2003 outline the process. Expanding the development fee to local governments will be explored at a later time.

4. Preservation Projects

Comment: Three persons requested that the HOME program allow CHDOs the ability to submit two applications or to have two active grants at one time, if one activity is for a preservation project.

Response: The HOME program supports preservation projects but cannot justify allowing grantees the ability to submit two applications within one grant competition. A decision to allow this would give a priority to preservation projects and opens the door for similar priority requests of equally important housing activities.

5. National Rules and HOME Guidelines

Comment: One person stated they had problems with the HOME national rules because they were written for more populated states and obviously, we are different in Montana. The same person stated that the HOME Guidelines were repetitious.

Response: Operating a national program, with regulations driven by issues related to metropolitan areas, can be very difficult in a very rural state. The Montana HOME program repeatedly sends comments on federal legislation throughout the year and during the consultation period timeframe for new proposed changes to the HOME rule. Our comments stress the continued flexibility of the HOME program to meet the challenges of geographic issues, time and distance encountered in rural states. In addition, the HOME program works through the National Council of State Housing Agencies (NCSHA) and the Council of State Community Development Agencies (COSDA) to carry messages to Congressional representatives responsible for making funding and statutory decisions for the HOME program.

The HOME program staff continues to revise the HOME Guidelines to cover the important aspects of the application process and eliminate repetition.

The HOME program thanks those grantees and applicants who provided comments. HOME program staff strives to provide assistance, technical support and create a workable schedule of programmatic requirements. Your comments help us make important decisions regarding the HOME program administration in Montana and determine timelines that best coordinate with everyone's busy schedules.